

Congressional Budget Justification

# FOREIGN OPERATIONS



Fiscal Year 2008

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**Overview of the Congressional Budget Justification  
Foreign Assistance and USAID Operations  
FY 2008 Budget Request**

**Joint State-USAID Submission.** Under the leadership of the Director of U.S. Foreign Assistance, foreign assistance resources have been integrated into one, joint budget submission. Country levels and programs took into consideration FY 2008 Millennium Challenge Account disbursement levels.

**New Overview Section.** Identifies principles, summarizes regional priorities and analyzes macro level budget information for State and USAID bilateral assistance.

**Compares FY2008 Budget with FY2006 Enacted Levels.** As the FY 2007 continuing resolution was not passed at time of print, all budget comparisons relate to FY 2006 enacted levels. Note: With the exception of Sudan, FY 2008 regional, country and sector levels do not include unallocated humanitarian assistance programs funded by the following accounts – P.L. 480 Title II Emergency Food Aid, International Disaster and Famine Assistance, Migration and Refugee Assistance, and Emergency Refugee and Migration Assistance. As these funds address circumstances as they arise, they have not yet been allocated to specific countries in the FY 2008 budget request. The FY 2006 levels do include funding for all humanitarian programs. Therefore, it is important to note this discrepancy when making regional, country and sector comparisons between FY 2006 and FY 2008.

**New Structure for Easier Referencing**

- Begins with State and USAID bilateral assistance
  - All foreign assistance accounts under State and USAID jurisdiction clustered in first section, listed alphabetically.
- Follows with Independent Agencies, listed alphabetically
- Follows with multi-lateral assistance
- Follows with request by region
  - Country information includes tables by program element and statements of change to compare FY 2008 to FY 2006 levels
- Final section includes account tables, including table listing sector totals

**More Account Comparative Information**

- Introductory statement identifies the purpose of funds
- “Snapshot” of fund allocation outlines top funding priorities
- Statement of changes compares FY 2008 to FY 2006 by account

**Supplemental and Emergency Funding Requests**

- Summary tables listing FY 2007 request and FY 2008 Global War on Terror Emergency
- Narratives at end of section

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February 14, 2007

On behalf of President Bush, it is my pleasure to submit to you a first-ever consolidated International Affairs Congressional Budget Justification for Fiscal Year 2008.

President Bush's Fiscal Year 2008 International Affairs Budget for the Department of State, USAID and other foreign affairs agencies totals \$36.2 billion. The President's budget also requests \$6 billion in supplemental funding for the year 2007 to support urgent requirements that are not funded in the annual budget cycle, including \$1.18 billion for additional operating costs of the Department of State and other agencies, largely related to the wars in Iraq and Afghanistan. The 2007 supplemental also includes \$4.81 billion to meet urgent new foreign assistance needs in Afghanistan, Iraq and Lebanon as well as peacekeeping and humanitarian assistance in Sudan, Somalia and other countries in need.

In addition, the Administration is requesting \$3.3 billion in war supplemental funding for activities in Iraq and Afghanistan in fiscal year 2008, of which \$1.37 billion is for foreign assistance and \$1.93 billion is for State Department operations. This is responsive to Congress' request that we present our best estimate of the full costs of the war in the coming year.

These resources are fundamental to our national security. With Congress' support, we have been fully engaged in a global war on terrorism since the attacks of September 11<sup>th</sup>, 2001. This is a war, but it is a completely different kind of war than we have fought before. Force of arms is necessary, but not sufficient. We must also, and we are, mobilize our democratic principles, our diplomacy, our development assistance and our compassion to win what will be a generational struggle.

Recognizing that success is our only option, we are revolutionizing our approach to foreign assistance. We have better aligned our foreign assistance with our transformational diplomacy goal: To help build and sustain democratic, well-governed states that respond to the needs of their people, reduce poverty, and conduct themselves responsibly in the international system. We have reformed our organization, planning, and implementation of foreign assistance to maximize country progress—to move from a relationship defined by paternalism to one defined by partnership. It is through such partnership that we can begin to achieve the well-governed democratic states that will form the foundation of a more stable world.

Our compassion is consistent with our foreign policy aims. With Congress' support, we have greatly increased our contributions for health, education, the skills and assistance necessary to participate in the global economy, and humanitarian assistance in the face of destabilizing conflict and disasters. We appreciate Congress' partnership in addressing those needs, most recently evidenced by the House-passed Continuing Resolution that prioritized HIV/AIDS relief, efforts to combat malaria, and assistance to the people of Darfur.

We are also revolutionizing the way that we work. Today's world requires of the Department of State and USAID fundamentally different thinking about our role, fundamentally different ways to train our people, to recruit our people and to deploy them. Our efforts to deliver critical assistance in some of the most difficult places in the world put the men and women of the Department of State and USAID at great risk. We seek the tools to ensure that their efforts, and their sacrifice, achieve the ends we seek.

I know that we share with Congress a vision of a peaceful and prosperous world. We have great tasks, and we value the support we receive from our partners in Congress. We look forward to working closely with you to make the best use of taxpayer dollars in support of our shared vision. Our fellow citizens expect no less of us.

Secretary of State Condoleezza Rice



February 14, 2007

As our nation's first Director of U.S. Foreign Assistance, serving concurrently as Administrator of the U.S. Agency for International Development, it is my pleasure to join the Secretary of State in submitting to you the first-ever consolidated International Affairs Congressional Budget Justification for Fiscal Year 2008. The FY 2008 Congressional Budget Justification represents more than the sum of the parts between USAID and the Department of State. It represents decisions made on the basis of collaborative and coordinated planning; full information about resources available to advance our objectives; and the shared goal of helping to build and sustain democratic, well-governed states that respond to the needs of their people, reduce widespread poverty, and conduct themselves responsibly in the international system. The piece parts of this budget are intricately intertwined, and based on principles designed to maximize country progress.

Worldwide, unprecedented attention is being given to poverty, disease, and instability. Congress is correspondingly funding foreign assistance at unprecedented levels. With your support, our foreign operations base appropriations have increased by 25 percent over the past 6 years, from approximately \$16.5 billion in 2000 to \$20.7 billion enacted in FY 2006. With these increased resources, however, have come increased responsibilities to produce results. Our foreign assistance must work both on behalf of the countries and citizens we seek to assist, and on behalf of the people of the United States.

I am encouraged by the progress achieved since I assumed the position of Director of Foreign Assistance. We have established a new Strategic Framework for U.S. Foreign Assistance, and in this volume you will find State and USAID resources identified against the common set of objectives and definitions dictated by that Framework. We have likewise established common indicators across our foreign assistance programs, to enable us, going forward, to assess country, program, and partner performance. Our intent is to provide a clear and transparent picture of where our resources are going, what they will be used for, and what they have achieved in a way that is comparable across countries, regions, and programs. We hope that these changes will not only enable us to be responsive to Congressional needs, but to be better stewards of these resources in support of the peace and prosperity we seek worldwide.

Across both the legislative and executive branches of government—and, indeed, across America—people have recognized the profound and complex inter-connectivity of our world, and the important role foreign assistance plays in our national security and foreign policy. Our foreign assistance helps empower citizens worldwide to overcome the poverty and hopelessness our foes seek to exploit. It helps provide the security and stability necessary for progress and prosperity. And it enables institutions of governance and civil society to progress toward free societies, accountable government, and responsible sovereignty within the international community. A primary focus of this effort is our shared commitment to form one united front to combat poverty, the forces that create it, and the cycles that sustain it.

In the time I have been in this position, I have been privileged to see firsthand the tremendous impact our foreign assistance programs can have on individuals and communities, even in some of the most dangerous and under-resourced places in the world. Our success can be measured in lives saved, opportunities created, and human potential realized. I look forward to working with you as we find ways to make the best use of taxpayer dollars to amplify these successes in support of a safe, peaceful, and prosperous future.

Ambassador Randall L. Tobias

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# UNITED STATES FOREIGN ASSISTANCE: INVESTING IN TRANSFORMATIONAL DIPLOMACY

The United States has a proud history of bringing hope to millions who live under oppressive poverty, face starvation, battle disease and suffer the consequences of conflict and insecurity. In present times, improving the lives of others has become central to our national security. The locus of threats has shifted to the developing world, where poverty, injustice and indifference are exploited by our foes to provide haven for criminals and terrorists and the planning of criminal acts.

Our nation's security depends on the stability of other nations. Foreign assistance and the development it supports are therefore more important than ever, now not just in terms of our moral responsibility to alleviate suffering, but as foundational pillars of our new national security architecture and the Global War on Terror (GWOT). American diplomacy must integrate and advance our security interests, our development efforts, and our democratic ideals. American foreign assistance must support these efforts by promoting responsible sovereignty, not permanent dependency, as it seeks to meet the needs of poor and vulnerable populations.

Commensurate with the global challenges that our country faces, this Administration has sought significant innovations and increases in funding for foreign assistance, while maintaining our support for our key partners in the Global War on Terror. The President's Emergency Plan for AIDS Relief (PEPFAR), Malaria and Africa Education initiatives, the establishment of the Millennium Challenge Corporation (MCC), and efforts to promote and strengthen trade capacity and effective democracies have only solidified the United States as the world leader in championing human dignity and human potential. These increased resources, however, have also come with a new focus on performance, results, accountability, and, ultimately, a means to define success as the ability of a nation to graduate from development assistance and become a self-sustaining partner in international peace and prosperity. In support of this effort, the FY 2008 Foreign Operations request is \$20.3 billion, representing a 12 percent increase over the FY 2006 enacted budget.<sup>1</sup>

## **Foreign Assistance Reform**

Under Secretary Rice's leadership, the United States has reformed foreign assistance organization, planning and implementation in order to maximize the impact of our foreign assistance dollars to achieve U.S. foreign policy objectives and improve the lives of those around the world. New leadership has been established with the creation of a Director of United States Foreign Assistance, who serves concurrently as the Administrator of the United States Agency for International Development (USAID). In this capacity, the Director of Foreign Assistance has developed a new Strategic Framework for U.S. Foreign Assistance, within which the Department of State and USAID are developing a fully integrated process for foreign assistance policy, planning, budgeting, and implementation. For the first time in our nation's history, all \$20.3 billion of U.S. foreign assistance under authority of the Department of State and USAID, as well as resources provided by MCC, are being applied to the achievement of a single overarching goal—transformational diplomacy:

*To help build and sustain democratic, well-governed states that respond to the needs of their people, reduce widespread poverty and conduct themselves responsibly in the international system.*

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<sup>1</sup> Throughout the analysis described in this document, comparisons are made between FY 2006 enacted and FY2008 Foreign Assistance request levels. The analysis includes Foreign Assistance program funds only, and excludes such things as USAID OE, and requests for international financial institutions and independent agencies. It also excludes FY 2008 war supplemental funding.

The new Strategic Framework for U.S. Foreign Assistance, included for reference on page 12, articulates a strategy for achieving this goal, focusing on five objectives that together address the underlying causes of persistent poverty, despotic governance, insecurity, and economic stagnation:

- **Peace and Security:** These are necessary conditions for further political, economic, and social progress;
- **Governing Justly and Democratically:** Effective, accountable, democratic governance is a vital foundation for sustainable progress;
- **Investing in People:** Human capacity must be strengthened and poverty and disease addressed in order to promote and sustain success;
- **Economic Growth:** Economic progress and poverty reduction are critical underpinnings of sustainable development; and
- **Humanitarian Assistance:** The United States maintains its long-standing commitment to alleviate human suffering and respond to destabilizing humanitarian disasters.

The FY 2008 budget is focused, strategic, and prioritized to reflect these shared objectives.

### **Strategic Principles**

Consistent with the reform of foreign assistance, the Department of State and USAID are presenting a unified foreign assistance budget request for FY 2008 based on the following strategic principles:

**1. Integrate planning based on the totality of U.S. Government resources.** The fragmentation of foreign assistance across multiple agencies, offices, and bureaus risked uncoordinated strategies, inadequate accountability, and the misdirection of resources. In building the FY 2008 budget, planning was integrated, seeking the most complete picture of U.S. activities and programs by country and region. To that end, interagency teams were assembled and tasked with ensuring that resources were coordinated, mutually supportive, targeted to the achievement of shared objectives, and able to maximize existing U.S. investments. For FY 2008, these resources included all programs and activities under the authority of the Secretary of State, in coordination with resources managed by the MCC.

**2. Maximize country progress.** The new Strategic Framework for U.S. Foreign Assistance categorizes each country receiving U.S. foreign assistance based on common traits, and places them on a trajectory to achieve the transformational diplomacy goal. The FY 2008 request reflects a focus on the specific gaps and obstacles countries face in moving from one country category to another, and the identification of the target objective or objectives appropriate to the individual country context. The ultimate intent is to support recipient country efforts to *move from a relationship defined by dependence on traditional foreign assistance to one defined by full sustaining partnership status*. Chart 1 identifies the concentration of resources by country category and objective, including resources from across State and USAID and projected disbursements from the MCC, with outlined cells denoting assistance priorities and the proportion of FY 2008 foreign assistance resources devoted to each cell.

**Chart 1: FY 2008 Concentration of Resources by Country Category and Objective**

2008 Country Category by Objective, including Projected FY 2008 MCC Disbursements					
	Peace and Security	Governing Justly and Democratically	Investing in People	Economic Growth	Humanitarian Assistance
Rebuilding	35%	18%	16%	20%	11%
Developing	32%	6%	44%	17%	1%
Transforming	6%	3%	52%	38%	0%
Sustaining	76%	1%	21%	1%	0%
Restricted	2%	63%	16%	8%	11%
Regional	13%	12%	36%	38%	1%
Global	16%	3%	34%	7%	41%

**Rebuilding States** are countries in or emerging from internal or external conflict. In these countries, a critical priority is achieving the security conditions that provide a platform for social, economic, and political progress. At the same time, support for basic human needs, the establishment of institutions of governance and foundations for economic growth are also necessary for securing peace and stability. Accordingly, in FY 2008, 35 percent of resources in this category are targeted to achieving peace and security, with a relatively even distribution of funds across the other four objectives. When compared to the FY 2006 budget, resources for Rebuilding countries have increased 28 percent.

**Developing States** are low or lower-middle income countries, not yet meeting performance criteria related to effective and democratic governance, investments in people, and economic freedom. Poverty, weak governance, and insufficient human capacity are the greatest barriers to progress. Collectively, in FY 2008 funding for these countries accounts for 66 percent of the resources for this category of countries, compared to 58 percent in FY 2006. Some countries, such as Kenya, Ethiopia and Nigeria, receive large budget increases over FY 2006 as focus countries of the Emergency Plan for AIDS Relief. Note that in Egypt, Jordan, Pakistan and Indonesia, where continued progress and partnership on security issues are critical to success in the Global War on Terror, investments in security programs remain significant.

**Transforming States** are low or lower-middle income countries, such as the Philippines, Tanzania, and El Salvador, meeting performance criteria related to effective and democratic governance, investments in people, and economic freedom. Transforming countries are characterized by relative stability and well-functioning governments, but poverty, unchecked disease, and insufficient human capacity remain barriers to progress. Thus, 89 percent of FY 2008 resources for this category of countries, including those provided by the MCC, are concentrated in Investing in People and Economic Growth programs such as health, agriculture, and education.

**Sustaining Partnership States** are states with upper-middle income or greater, such as Poland, Qatar, Malaysia and Chile, for which U.S. support is provided to sustain partnerships, progress, and peace. Income levels in these states are such that, in general, development assistance is not required. Our largest investment in these states is in security, supporting programs that improve military interoperability with the U.S., NATO, and regional coalitions; strengthen military alliances and the international coalition against terrorism; and promote more professional militaries through education

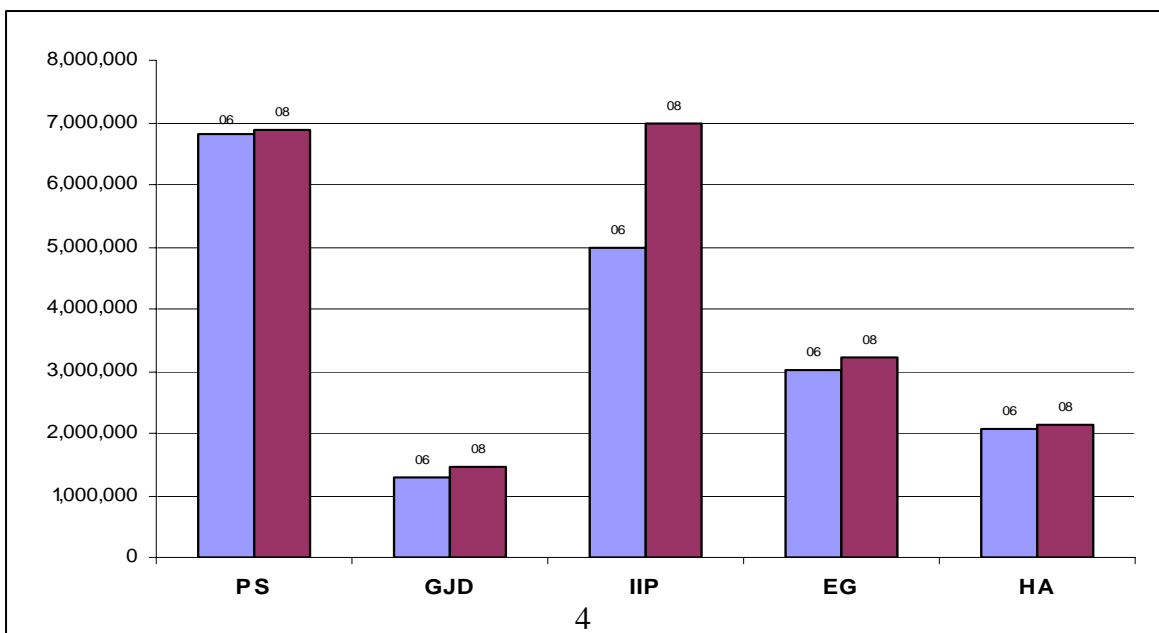
and training. In FY 2008, 76 percent of resources to these countries are targeted to programs under the peace and security objective. An exception is South Africa, where the HIV/AIDS epidemic threatens progress, and for which the U.S. provides assistance through the President’s Emergency Plan for AIDS Relief.

**Restrictive States** are those with significant freedom and human rights issues; therefore, resources are directed toward programs that foster effective democracy, build civil society capacity, and promote responsible sovereignty. Legislative restrictions on direct U.S. funding and limited absorptive capacity in many of these countries also limit the amount and type of foreign assistance support. In FY 2008, 63 percent of resources for Restrictive countries are targeted to programs under the Governing Justly and Democratically objective, compared with 28 percent in FY 2006.

**3. Invest in states critical to long-term regional stability and prosperity.** State and USAID resources are concentrated in Rebuilding and Developing countries, at 51 percent of program assistance. These countries are farthest away from the transformational diplomacy goal; as measured by instability, poverty, human capacity, life expectancy, governance, and barriers to economic growth; and are critical barriers to regional stability and success in the Global War on Terror. The Democratic Republic of the Congo, Liberia, Somalia, Sudan, Afghanistan, Iraq, Colombia, Haiti, and Kosovo are examples of states that, without progress, will have a negative impact on regional stability and national security. At the same time, with continued progress, Developing states such as Nigeria, Ukraine, Georgia, Pakistan, Jordan, and Indonesia and Sustaining Partnership countries such as South Africa represent those that can serve as anchors for regional stability and prosperity.

**4. Focus on demand-driven interventions that are critical levers for sustainable progress and transformation.** The country-driven process resulted in significant allocation increases for critical and effective programs. Funding was increased for programs targeted to improving governance and democratic participation; mitigating diseases that threaten the human and economic capacity of countries to progress on their own; expanding access to and improving the quality of education; and enhancing economic opportunity and skills to participate in the global economy. In FY 2008, the three objectives targeted to achieving long-term development progress (Governing Justly and Democratically, Investing in People, and Economic Growth) increase by 19 percent over FY 2006 levels for these Objectives. When projected FY 2008 MCC disbursements from prior year appropriations are considered, investments in these objectives increase by 29 percent over FY 2006. Chart 2 below describes this focus, comparing FY 2006 objectives-equivalents to the FY 2008 request by objectives.

**Chart 2: Base Appropriations Allocations to Objectives by Year, including FY 2006 and projected FY 2008 MCC disbursements (in \$ Millions)**





**5. Allocate funds intended for country programs to country-level budgets.** In order to ensure a coordinated response and effective and sustainable impact, the reform process sought to maximize all resources implemented at the country level within country budgets. Resources within global or regional budgets allocated to specific countries were accordingly shifted to specific country programs and planned together with other country-based support. Recognizing that not all foreign assistance is implemented on a country basis, and that some issues such as trade capacity are best addressed as part of a global or regional strategy, the foreign assistance framework includes a category for global and regional initiatives, defined as those activities that transcend a single country's borders. Such activities may include emergency humanitarian assistance, support to regional institutions, multilateral organizations, or research.

**6. Match accounts with the country circumstances and intent they are designed to address.** The reform process sought to maximize the use of account authorities in support of effective implementation of foreign assistance programs. Overall, funding for Development Assistance (DA) which is intended to support poor countries that demonstrate performance has been prioritized to Developing and Transforming countries. Conversely, Economic Support Funds, (ESF) which focus on providing economic support under special economic, political, or security conditions have been targeted to support activities in the Rebuilding and Restrictive Country Categories. In these latter country categories, total funding in the three Objectives supporting long-term development increased by 63% over FY 2006 levels. The balance between DA and ESF, however, changed with DA declining by 87% and ESF increasing by 158%.

**Changes in DA and ESF Levels in Rebuilding and Restrictive Countries for the Three Objectives Supporting Long-term Development**

	FY 2006 DA	FY 2006 ESF	DA & ESF FY2006 Total	FY2008 DA	FY 2008 ESF	DA & ESF FY 2008 Total
TOTAL	331,312	524,862	856,174	41,991	1,354,151	1,396,142
Governing Justly & Democratically	59,190	211,097	270,287	17,200	544,917	562,117
Investing in People	96,533	41,133	137,666	3,985	178,535	182,520
Economic Growth	175,589	272,632	448,221	20,806	630,699	651,505

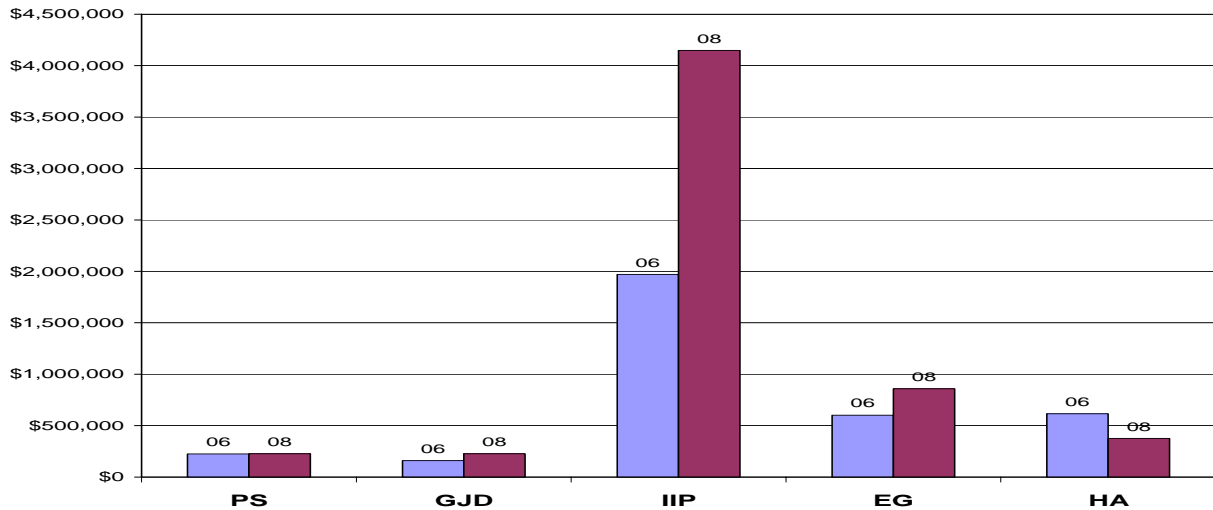
**Regional Strategies**

**Africa.** The FY 2008 request for Africa represents a 54 percent increase over FY 2006. If FY 2008 projected disbursements from the MCC are considered, FY 2008 resources for Africa increase 63 percent over FY 2006—nearly a quadrupling of resources for Africa since 2001. The request places a priority on interventions critical to achieving sustainable progress and transformation on a country-by-country basis. Over 75 percent of the FY 2008 budget will focus on Investing in People in order to address the crippling effects of disease and poverty, a \$2 billion increase from FY 2006. Programs to address HIV/AIDS, malaria, children's health, and expanded access to quality education predominate within this objective. Programs to support economic growth comprise approximately 10 percent of the base request for the region. When MCC disbursements are considered, FY 2008 resources for economic growth in the region increase by 43 percent over FY 2006. The FY 2008 request for Africa also includes additional resources for anti-corruption programs (a 93 percent increase over FY 2006) and for critical security programs in support of the Global War on Terror (38 percent increase over FY 2006).

The FY 2008 budget for Africa targets funding for states critical to long-term regional stability and prosperity. The FY 2008 request for Sudan is \$679 million, a 36 percent increase over FY 2006 and 12

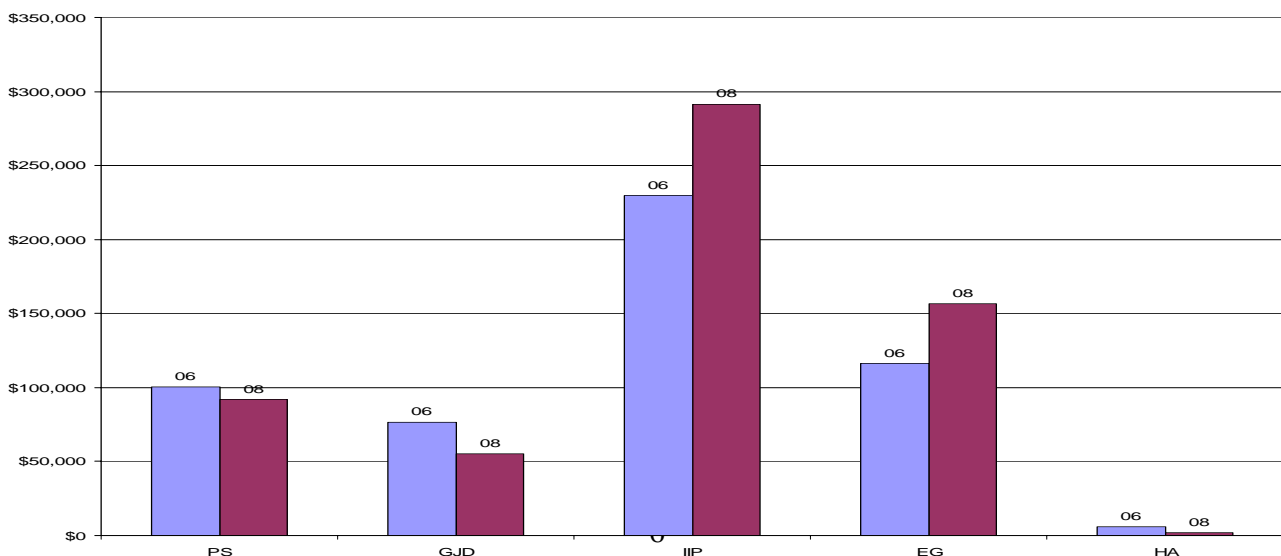
percent of the region's total budget request. In addition to Sudan, other rebuilding states such as Liberia, the Democratic Republic of Congo, and Somalia were given priority. Budgets for Ethiopia, Kenya, South Africa and Nigeria also increased, as progress in these countries will greatly impact progress and prosperity in the region. These eight countries comprise over 56 percent of the FY 2008 budget.

**Allocations to Objective by Year- Africa**  
(Including FY 2006 and projected FY 2008 MCC disbursements)



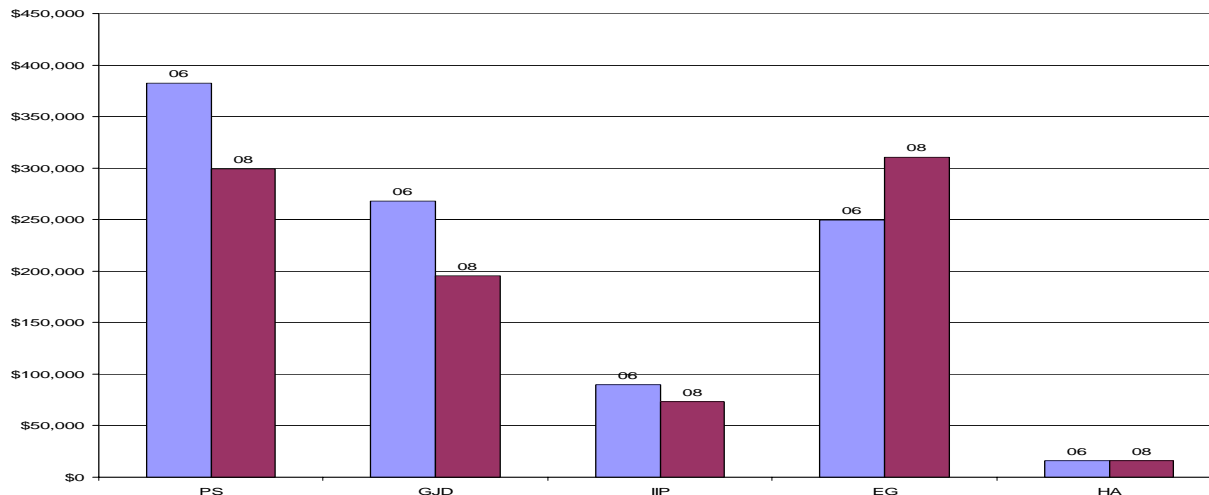
**East Asia and the Pacific.** The FY 2008 request for the East Asia and Pacific region represents a slight increase over the FY 2006 budget. With projected FY 2008 MCC disbursements included, proposed FY 2008 funding increases by 15 percent over FY 2006. Democratic challenges and terrorist threats require that Peace and Security programs emphasize counterterrorism and conflict mitigation while also maintaining military assistance for key Global War on Terror partners. Resources for these types of key security programs make up 18 percent of the request. Within Investing in People, the request increases 15 percent from FY 2006, prioritizing HIV/AIDS interventions and education initiatives, increasing 71 percent and 25 percent respectively over FY 2006 levels for these activities. Countries such as Indonesia, the Philippines, and Mongolia collectively receive 53 percent of the region's request. Regionally, Governing Justly and Democratically programs are also emphasized in order to promote movement toward democracy in Burma and Vietnam and strengthen democratic institutions in Cambodia and the Philippines.

**Allocations to Objective by Year- East Asia and Pacific**  
(Including FY 2006 and projected FY 2008 MCC disbursements)



**Europe and Eurasia.** The FY 2008 request for Europe and Eurasia represents a 26 percent decrease from FY 2006 reflecting success achieved in the region. When projected FY 2008 MCC disbursements in Georgia and Armenia are included, the reduction is 13 percent from FY 2006. While U.S. assistance has played a substantial role in supporting reform in Eurasia, including integration of countries in Eastern Europe and the Western Balkans into Euro-Atlantic institutions, a number of difficult challenges remain across the range of foreign assistance objectives. The allocation of resources within the region reflects the need to secure the Balkans in the Euro-Atlantic Community, support Eurasian countries at the forefront of reform, and confront democratic challenges. Thus, funding for Peace and Security and Governing Justly and Democratically collectively represent 76 percent of the request. Balkan peace implementation is a primary focus; funds for Kosovo and Serbia represent 27 percent of the region's request. Countries at the forefront of reform -- Ukraine, Georgia, and Moldova -- and countries that present democratic challenges -- Russia and Belarus -- together represent 30 percent of the region's budget.

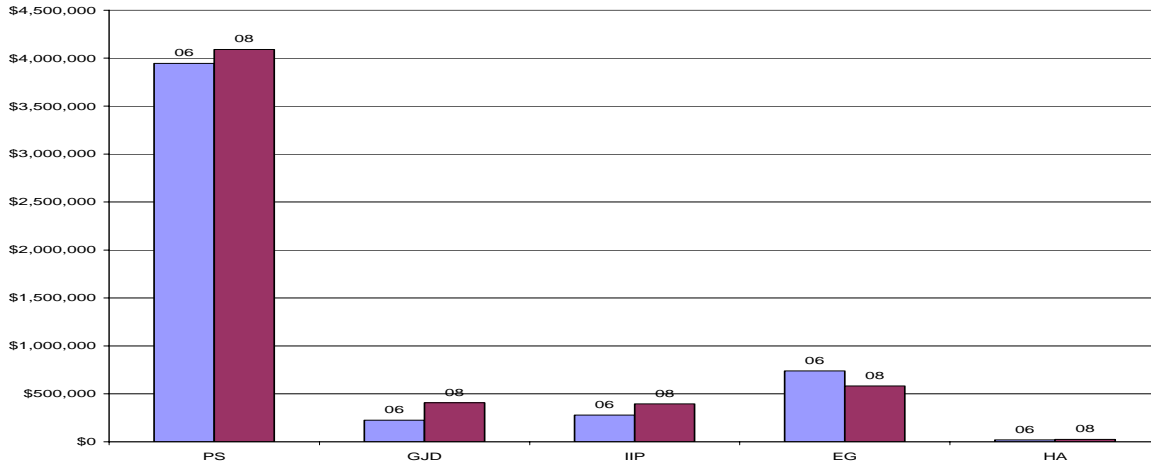
**Allocations to Objective by Year- Europe and Eurasia  
(Including FY 2006 and projected FY 2008 MCC disbursements)**



**Near East.** The FY 2008 request for the Near East represents a 4 percent increase over FY 2006, including reduced levels for Egypt and Israel under glidepath agreements. The Near East region presents both challenges and opportunities to implement U.S. objectives and bolster efforts at political and economic reform to achieve success in the Global War on Terror. The FY 2008 request emphasizes continued investments in Peace and Security and political reform. Accordingly, funding for Peace and Security increases by four percent, while investments in Governing Justly and Democratically increase by more than 80 percent. To address social conditions that contribute to conflict, the FY 2008 request includes a 41 percent increase in Investing in People, primarily in health and education.

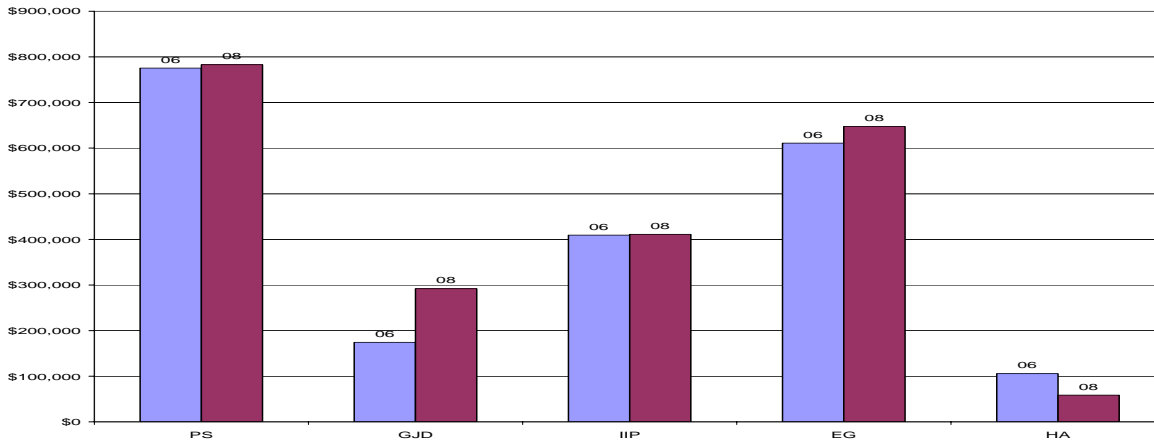
The FY 2008 request is concentrated in the priority states of Iraq, Israel, Egypt and Jordan, representing 93 percent of the region's budget. The FY 2008 request is also influenced by adjustments to priorities based on significant changes in political conditions in Lebanon, West Bank/Gaza and Iran. Lebanon receives a 21 percent increase with large investments in Peace and Security, Governing Justly and Democratically, as well as support for Economic Growth. Together these seven countries are critical to long-term regional stability and prosperity, making up 97 percent of the request. The Administration is also seeking significant resources for Iraq in the FY 2008 Global War on Terror Emergency Request.

**Allocations to Objective by Year- Near East  
(Including FY 2006 and projected FY 2008 MCC disbursements)**



**South and Central Asia.** Funding to South and Central Asia increased by 6 percent in the FY 2008 request compared to FY 2006 levels for the region. Funding will continue to support the Global War on Terror through security, reconstruction, development and democracy efforts, particularly in Afghanistan and Pakistan, which represent 84 percent of the region’s request. Success in these countries is critical to achieving peace, stability, and development progress throughout South and Central Asia. Funding under the Peace and Security objective makes up 36 percent of the request, including support to counterterrorism and counternarcotics programs, which received 11 and 21 percent increases collectively from FY 2006. Funding for Economic Growth activities has increased by 6 percent over FY 2006, particularly for trade and investment and private sector competitiveness programs, reflecting the USG’s efforts to integrate South and Central Asia through economic development, trade and reconstruction. Funding for the five Central Asian countries declined by nearly 24 percent from FY 2006 to FY 2008. Much of the decline is in Uzbekistan, where the government has worked actively to limit U.S. assistance related to reform, and in Kazakhstan, whose oil wealth lessens the need for our assistance. Assistance is instead focused on the Kyrgyz Republic, Tajikistan, and Turkmenistan, where there are opportunities to consolidate stability and promote democratization. Funding for India has also declined, by 35 percent from the FY 2006 level. India's economy has been among the world's best-performing economies for a quarter century, and India has emerged as a significant donor in its own right.

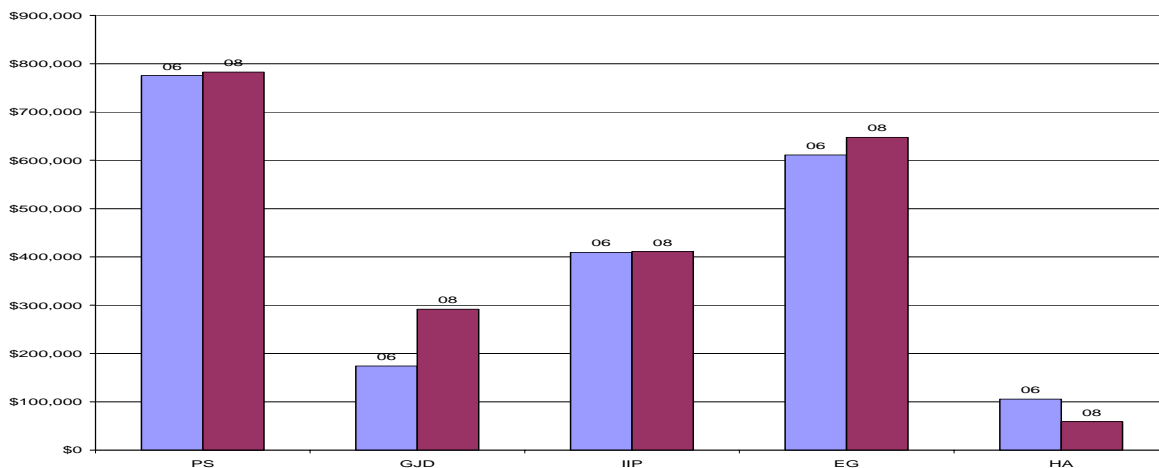
**Allocations to Objective by Year- South and Central Asia  
(Including FY 2006 and projected FY 2008 MCC disbursements)**



**Western Hemisphere.** Foreign assistance for Latin America has nearly doubled since the start of the Administration, rising from \$862 million in FY 2001 to \$1.6 billion in FY 2008, including FY 2008 projected MCC disbursements. Funding for Latin America increases by 4 percent over FY 2006 when projected FY 2008 MCC disbursements are considered. The Western Hemisphere has made significant progress as measured by indicators of development progress in the areas of Investing in People, Governing Justly and Democratically, and Economic Growth. Of the 26 countries in Latin America that receive foreign assistance, over half (14) are either in the Transforming or Sustaining Partnership categories. Seven countries are in the Developing category, six of which are close to transitioning into the Transforming country category, as dictated by their performance related to the aforementioned indicators.

Our strategy for FY 2008 recognizes that key levers for sustained success are economic empowerment and strengthening of democratic structures – in effect, helping democracy deliver on behalf of development. The request reflects a 5 percent increase in Governing Justly and Democratically, and when projected FY 2008 MCC disbursements are included, an 84 percent increase in Economic Growth, including \$40 million for labor and environment cooperation in support of the U.S.-Central America-Dominican Republic Free Trade Agreement (CAFTA-DR) and \$20 million for rural development in certain CAFTA-DR partners. Programs under the Peace and Security objective, including programs for counternarcotics and programs to address gang-related violence, make up 53 percent of the request for the region. Colombia, Bolivia, Ecuador, Peru, and Haiti account for 70 percent of the region’s FY 2008 budget request and remain the focus of transformational diplomacy efforts.

**Allocations to Objective by Year – Western Hemisphere  
(Including FY 2006 and projected FY 2008 MCC disbursements)**



**Global Programs**

Global programs are defined as those activities that advance the five foreign assistance objectives, but transcend a single country’s borders and are implemented outside of country strategies. Examples include assistance for Avian Flu, disaster relief and emergency food aid, which are allocated on an as-needed basis in response to crises where and when they occur. Funds to support research activities, such as support to the Global AIDS Vaccine Initiative, or programs such as the Asia-Pacific Partnership for Clean Development and Climate, are also included in this category of funds.

## **Budget and Performance Integration**

Accountability for results is a major principle of foreign assistance reform. The Department of State and USAID have jointly developed common definitions and indicators to describe, account for, and evaluate our foreign assistance programs and their impact on achieving the objectives of transformational diplomacy. A new budget and performance tracking system will house budget and planning data and allow tracking of objectives to programs, dollars, and results. Performance evaluations will further refine and focus foreign assistance dollars.

Performance will be measured by tracking specific indicators related to country-level change, as well as indicators to measure progress specific to U.S. programs and targets for the five objectives of Peace and Security, Governing Justly and Democratically, Investing in People, Economic Growth, and Humanitarian Assistance. Targets for each indicator will be specific to country categories and circumstances, as Rebuilding, Developing, Transforming, Sustaining Partnership and Restrictive countries maintain distinct circumstances. For example, Peace and Security indicators for Rebuilding countries may focus on standing up security forces, while Transforming countries' indicators may focus on cooperation in fighting transnational crime. Country-level change will be assessed using the same indicators as those used by the Millennium Challenge Corporation, as well as additional indicators specific to development programs, such as life expectancy, under-five mortality rates, literacy rates, and measures of income inequality.

Some measures will cut across country categories. For example, using FY 2008 resources, the President's Emergency Plan for AIDS Relief has a target of supporting treatment for two million people residing in countries from several categories.

Initial performance measures have been established and are now under review and further development. Final measures will be available in the coming months.

## **Conclusion**

State and USAID have strategically aligned resources in order to accomplish key national security and development goals with maximum efficiency and fiscal responsibility. The FY 2008 Foreign Operations budget request represents a \$2.16 billion increase over the FY 2006 enacted level. Within this level, HIV/AIDS has increased by \$1.9 billion over FY 2006, and funding for critical countries in the Global War on Terror and others in or emerging from conflict, many among the poorest countries with the most disenfranchised populations, has increased by \$749 million compared with FY 2006. As discussed above, in FY 2008, the three objectives targeted to achieving long-term development progress (Governing Justly and Democratically, Investing in People, and Economic Growth) increase by 19 percent over FY 2006 levels for activities related to these objectives. The foreign assistance reform process has aided in this endeavor, resulting in a strategic shift of \$4.5 billion between countries, programs and accounts between FY 2006 enacted levels and the FY 2008 budget request.

The transformational diplomacy goal acknowledges that an appropriate balance must be struck among development objectives in order to bring about lasting change in countries. Development must engender fundamental changes in governance and institutions, human capacity, and economic structures concurrently so that countries can sustain further economic and social progress on their own. The FY 2008 budget request seeks to implement these principles and enable human potential such that United States Foreign Assistance achieves the greatest measure of development progress: That each generation do better than the one before, in freedom, prosperity, and security.

**FOREIGN ASSISTANCE FRAMEWORK**

Goal		"To help build and sustain democratic, well-governed states that respond to the needs of their people, reduce widespread poverty and conduct themselves responsibly in the international system."					End Goal of US Foreign Assistance		Graduation Trajectory	
Objectives	Peace and Security	Governing Justly and Democratically	Investing in People	Economic Growth	Humanitarian Assistance					
<b>Accounts within State-USAID</b>	FMF, TI, IMET, ESF, INCLE, NADR, PKO, ACI, FSA, SEED	DA, TI, SEED, FSA, DF, ESF, INCLE, IO&P, ACI	DA, CSH, ESF, IDFA, IO&P, FSA, SEED, GHAI, ACI, Title II	DA, ESF, SEED, FSA, IO&P, ACI, Title II	IDFA, MRA, ERMA, Title II					
<b>Foreign Assistance Program Areas</b>	<ul style="list-style-type: none"> <li>&gt; Counter Terrorism</li> <li>&gt; Combating WMD</li> <li>&gt; Stabilization Operations and Defense Reform</li> <li>&gt; Counternarcotics</li> <li>&gt; Transnational Crime</li> <li>&gt; Conflict Mitigation and Response</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Rule of Law and Human Rights</li> <li>&gt; Good Governance</li> <li>&gt; Political Competition and Consensus-Building</li> <li>&gt; Civil Society</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Health</li> <li>&gt; Education</li> <li>&gt; Social Services and Protection for Vulnerable Populations</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Macroeconomic Foundation for Growth</li> <li>&gt; Trade and Investment</li> <li>&gt; Financial Sector</li> <li>&gt; Infrastructure</li> <li>&gt; Agriculture</li> <li>&gt; Private Sector</li> <li>&gt; Competitiveness</li> <li>&gt; Economic Opportunity</li> <li>&gt; Environment</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Protection, Assistance and Solutions</li> <li>&gt; Disaster Readiness</li> <li>&gt; Migration Management</li> </ul>					
<b>Category Definition</b>										
<b>Rebuilding Countries</b>	States in or emerging from and rebuilding after internal or external conflict.	Prevent or mitigate state failure and/or violent conflict.	Assist in creating and/or stabilizing a legitimate government and a supportive environment for civil society and media.	Assist in the reconstruction or reconstruction of key internal infrastructure and market mechanisms to stabilize the economy.	Address immediate needs of refugee, displaced, and other affected groups.	Stable environment for good governance, increased availability of essential social services, and initial progress to create policies and institutions upon which future progress will rest.			Advance to the Developing or Transforming Category.	
<b>Developing Countries</b>	States with low or lower-middle income, not yet meeting MCC performance criteria, and the criterion related to political rights.	Address key remaining challenges to security and law enforcement.	Support policies and programs that accelerate and strengthen public institutions and the creation of a more vibrant local government, civil society and media.	Encourage economic policies and strengthen institutional capacity to promote broad-based growth.	Encourage reduced need for future HA by introducing prevention and mitigation strategies, while continuing to address emergency needs.	Continued progress in expanding and deepening democracy, strengthening public and private institutions, and supporting policies that promote economic growth and poverty reduction.			Advance to the Transforming Category.	
<b>Transforming Countries</b>	States with low or lower-middle income, meeting MCC performance criteria, and the criterion related to political rights.	Nurture progress toward partnerships on security and law enforcement.	Provide limited resources and technical assistance to reinforce democratic institutions.	Provide financial resources and technical assistance to promote broad-based growth.	Address emergency needs on a short-term basis, as necessary.	Government, civil society and private sector institutions capable of sustaining development progress.			Advance to the Sustaining Partnership Category or graduate from foreign assistance.	
<b>Sustaining Partnership Countries</b>	States with upper-middle income or greater for which U.S. support is provided to sustain partnerships, progress, and peace.	Support strategic partnerships addressing security, CT, WMD, and counter-narcotics.	Address issues of mutual interest.	Create and promote sustained partnerships on trade and investment.	Address emergency needs on a short-term basis, as necessary.	Continued partnership as strategically appropriate where U.S. support is necessary to maintain progress and peace.			Continue partnership or graduate from foreign assistance.	
<b>Restrictive Countries</b>	States of concern where there are significant governance issues.	Prevent the acquisition/proliferation of WMD, support CT and counter-narcotics.	Foster effective democracy and responsible sovereignty. Create local capacity for fortification of civil society and path to democratic governance.	Promote a market-based economy.	Address emergency needs on a short-term basis, as necessary.	Civil Society empowered to demand more effective democracies and states respectful of human dignity, accountable to their citizens, and responsible towards their neighbors.			Advance to other relevant foreign assistance category.	
<b>Global or Regional</b>	Activities that advance the five objectives, transcend a single country's borders, and are addressed outside a country strategy.									Determined based on criteria specific to the global or regional objective.

## FY 2008 INTERNATIONAL AFFAIRS REQUEST

(\$ in thousands)	FY 2006 Actual	FY 2007 Estimate	FY 2008 Request
<b>DEPARTMENT OF STATE, USAID and FOREIGN OPERATIONS (INTERNATIONAL AFFAIRS)</b>	<b>31,389,613</b>	<b>29,916,040</b>	<b>36,186,518</b>
<b>I. Department of State and USAID Bilateral Economic Assistance</b>	<b>18,074,969</b>	<b>17,713,444</b>	<b>20,266,913</b>
Andean Counterdrug Initiative (ACI)	727,155	569,350	442,812
Assistance for Eastern Europe and the Baltic States (AEEB)	357,390	269,200	289,322
Assistance for the Independent States of the Former Soviet Union (FSA)	508,860	435,480	351,585
Child Survival & Health Programs Fund (CSH)	1,591,425	1,518,359	1,564,279
Global Fund to Fight AIDS, Tuberculosis, & Malaria	[247,500]	[247,500]	[0]
Development Assistance (DA)	1,508,760	1,508,000	1,041,248
Development Credit Authority - Subsidy (DCA)	[21,000]	[0]	[21,000]
Economic Support Fund (ESF)	2,616,075	2,603,540	3,319,567
U.S. Emergency Refugee & Migration Assistance (ERMA)	29,700	30,000	55,000
Foreign Military Financing (FMF)	4,464,900	4,454,900	4,536,000
Global HIV/AIDS Initiative (GHAI)	1,975,050	1,852,525	4,150,000
Global Fund to Fight AIDS, Tuberculosis & Malaria	[198,000]	[198,000]	[0]
International Disaster and Famine Assistance (IDFA)	361,350	348,800	297,300
International Military Education & Training (IMET)	85,877	85,237	89,500
International Narcotics Control and Law Enforcement (INCLE)	472,428	703,600	634,600
Migration and Refugee Assistance (MRA)	783,090	750,206	773,500
Nonproliferation, Anti-Terrorism, Demining (NADR)	405,999	392,821	464,000
Peacekeeping Operations (PKO)	173,250	170,000	221,200
P.L. 480 Title II	1,138,500	1,223,100	1,219,400
Transition Initiatives (TI)	39,600	40,000	37,200
USAID Operating Expenses (OE)	623,700	641,000	609,000
Foreign Service Retirement and Disability Fund [Mandatory]	[42,000]	[38,700]	[36,400]
USAID Capital Investment Fund (CIF)	69,300	75,942	126,000
USAID Inspector General Operating Expenses	35,640	37,915	38,000
Development Credit Authority - Administrative Expenses	7,920	3,469	7,400
Democracy Fund	94,050	-	-
Iraq Relief and Reconstruction Fund (IRRF)	4,950	-	-
<b>II. Independent Department and Agencies Bilateral Assistance</b>	<b>3,012,408</b>	<b>2,354,024</b>	<b>4,373,509</b>
African Development Foundation (ADF)	22,770	22,225	30,000
Broadcasting Board of Governors			
International Broadcasting Operations	633,257	636,060	618,777
Broadcasting to Cuba	-	-	38,700
Broadcasting Capital Improvements	10,754	7,624	10,748
Subtotal, Broadcasting Board of Governors	644,011	643,684	668,225
Department of Agriculture			
McGovern-Dole International Food for Education	99,000	98,260	100,000
Department of the Treasury			
Treasury Technical Assistance	19,800	23,700	24,800
Debt Restructuring	64,350	20,000	207,300



(\$ in thousands)	FY 2006 Actual	FY 2007 Estimate	FY 2008 Request
Subtotal, Department of the Treasury	84,150	43,700	232,100
Export-Import Bank			
Loan Subsidy	74,000	26,382	68,000
Administrative Expenses	72,468	69,234	78,000
Inspector General	990	-	1,000
Direct Loans, Negative Subsidy	-50,000	-45,000	-
Offsetting Collections	-	-	-146,000
Subtotal, Export-Import Bank	97,458	50,616	1,000
Foreign Claims Settlement Commission	1,303	1,417	1,684
Inter-American Foundation (IAF)	19,305	19,268	19,000
International Trade Commission (ITC)	61,951	62,575	67,100
Millennium Challenge Corporation (MCC)	1,752,300	1,135,000	3,000,000
Overseas Private Investment Corporation (OPIC)			
Administrative Expenses	41,851	41,856	47,500
Net Offsetting Collections	-223,000	-175,279	-236,000
Credit Subsidy	20,073	9,423	29,000
Net Negative Budget Authority, OPIC	-161,076	-124,000	-159,500
Peace Corps	318,780	324,000	333,500
Trade and Development Agency (TDA)	50,391	50,300	50,400
United States Institute of Peace	22,065	26,979	30,000
<b>III. Multilateral Economic Assistance</b>	<b>1,581,124</b>	<b>1,392,361</b>	<b>1,788,350</b>
<b>International Financial Institutions</b>	<b>1,277,236</b>	<b>1,066,198</b>	<b>1,498,950</b>
Global Environment Facility	79,200	56,250	106,763
International Development Association	940,500	752,400	1,060,000
Multilateral Investment Guarantee Agency	1,287	1,288	1,082
Asian Development Fund	99,000	99,000	133,906
African Development Fund	134,343	134,343	140,584
African Development Bank	3,602	3,613	2,037
European Bank for Reconstruction & Development	1,006	1,006	10
Enterprise for the Americas Multilateral Investment Fund	1,724	1,724	29,232
Inter-American Investment Corporation	1,724	1,724	7,264
International Fund for Agricultural Development	14,850	14,850	18,072
Arrears	[5,453]	[4,018]	[175,000]
<b>International Organizations &amp; Programs (IO&amp;P)</b>	<b>303,888</b>	<b>326,163</b>	<b>289,400</b>
<b>IV. Department of State Operations and Related Programs</b>	<b>8,721,112</b>	<b>8,456,211</b>	<b>9,757,746</b>
<b>State Administration of Foreign Affairs</b>	<b>6,434,123</b>	<b>6,238,058</b>	<b>7,194,596</b>
State Programs	4,421,359	4,561,170	5,013,443
Diplomatic and Consular Programs	4,294,734	4,460,084	4,942,700
Ongoing Operations	3,614,018	3,664,914	3,977,940
Worldwide Security Upgrades	680,716	795,170	964,760
Capital Investment Fund	58,143	34,319	70,743
Centralized IT Modernization Program	68,482	66,767	-

(\$ in thousands)	FY 2006 Actual	FY 2007 Estimate	FY 2008 Request
Embassy Security, Construction & Maintenance	1,489,726	1,182,585	1,599,434
Ongoing Operations	591,152	605,652	792,534
Worldwide Security Upgrades	898,574	576,933	806,900
Capital Security Construction	799,852	478,211	692,178
Compound Security	98,722	98,722	114,722
Other Administration of Foreign Affairs	523,038	494,303	581,719
Office of Inspector General	29,645	29,645	32,508
Educational and Cultural Exchange Programs	426,275	425,162	486,400
Representation Allowances	8,175	8,175	8,175
Protection of Foreign Missions and Officials	9,270	9,270	18,000
Emergencies in the Diplomatic and Consular Service	28,872	4,940	19,000
Repatriation Loans Program Account	1,302	1,285	1,285
Payment to the American Institute in Taiwan	19,499	15,826	16,351
Foreign Service Retirement and Disability Fund	[131,700]	[125,000]	[122,500]
<b>International Organizations</b>	2,173,592	2,144,792	2,461,400
Contributions to International Organizations (CIO)	1,151,317	1,122,318	1,354,400
Contributions for International Peacekeeping Activities	1,022,275	1,022,474	1,107,000
<b>Related Appropriations</b>	113,397	73,361	101,750
The Asia Foundation	13,821	13,821	10,000
National Endowment for Democracy (NED)	74,042	50,000	80,000
East-West Center	18,994	3,000	10,000
Center for Middle Eastern-Western Dialogue - Trust Fund	4,936	4,936	-
Center for Middle Eastern-Western Dialogue - Program	740	740	875
Eisenhower Exchange Fellowship Program	494	494	500
Israeli Arab Scholarship Program	370	370	375
Note: A regular FY 2007 appropriation had not been enacted at the time the budget was prepared; therefore, these accounts are operating under a continuing resolution. The amounts included for FY 2007 in this budget reflect the levels provided by the continuing resolution.			

# **I. REQUEST BY APPROPRIATION ACCOUNT**

**Department of State and USAID Bilateral Economic Assistance  
Independent Department and Agencies Bilateral Assistance  
Multilateral Economic Assistance**

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# **Department of State and USAID Bilateral Economic Assistance**

Andean Counterdrug Initiative (ACI)  
Assistance for Eastern Europe and the Baltic States (SEED)  
Assistance for the Independent States of the Former Soviet Union - FREEDOM Support Act (FSA)  
Child Survival and Health Programs Fund (CSH)  
Development Assistance (DA)  
Development Credit Authority (DCA)  
Economic Support Fund (ESF)  
U.S. Emergency Refugee and Migration Assistance Fund (ERMA)  
Foreign Military Financing (FMF)  
Global HIV/AIDS Initiative (GHAI)  
International Disaster and Famine Assistance (IDFA)  
International Military Education and Training (IMET)  
International Narcotics Control and Law Enforcement (INCLE)  
Migration and Refugee Assistance (MRA)  
Nonproliferation, Anti-terrorism, Demining, and Related Programs (NADR)  
Peacekeeping Operations (PKO)  
P.L. 480 Title II  
President's Emergency Plan for AIDS Relief (PEPFAR)  
Transition Initiatives (TI)  
USAID Operating Expenses  
USAID Capital Investment Fund  
USAID Foreign Service Retirement and Disability Fund  
USAID Inspector General Operating Expenses

FY 2007 Global War on Terror (GWOT) Supplemental  
FY 2008 GWOT Emergency

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## Andean Counterdrug Initiative

(\$ in thousands)	FY 2006 Actual	FY 2007 Estimate	FY 2008 Request
Andean Counterdrug Initiative - ACI	727,155	569,350	442,812

The FY 2008 **\$442.8 million** request will be used to support and enhance the multi-year counterdrug program (ACI) that aims to reduce the flow of drugs to the United States and prevent instability in the Andean region. Account allocations represent the product of an integrated agency planning process based on consideration of the totality of U.S. government resources.

### ACI funding snapshot

- Colombia -- **\$367.0 million** to continue to support the comprehensive campaign against drug trafficking and narcoterrorists as part of Plan Colombia. Funding includes **\$50 million** for the Critical Flight Safety Program.
- Peru -- **\$36.8 million** to carry out key counternarcotics activities such as expanding the Narcotics Affairs Section (NAS) presence in isolated areas where drug traffickers and terrorists operate, maintaining the aviation program, and cooperating with the government to develop its counter-terrorism intelligence and operational capabilities and performance through information sharing, training and assistance programs.
- Bolivia -- **\$30.0 million** to support the eradication of illicit coca cultivation, increase interdiction of precursor chemicals and cocaine products, continue current level of prosecutions of narcotics related cases, and improve the quality of investigations into alleged human rights violations.

### Statement of Changes

The total amount of funding requested for the ACI account in FY 2008 is a 39 percent decrease from the FY 2006 enacted level primarily due to the shift of Alternative Development program funding in the region to the Economic Support Fund (ESF) account.

**Andean Counterdrug Initiative**  
by Account, Program Area and Program Element

	2006 CBJ Actual	2007 CBJ Estimate	2008 CBJ Request
ACI	727,155	569,350	442,812
1.1 Counter-Terrorism	228	*	-
1.1.3 Governments' Capabilities	228	*	-
<b>1.3 Stabilization Operations and Security Sector Reform</b>	40,359	*	21,424
1.3.1 Operations Support	89	*	-
1.3.2 Disarmament, Demobilization & Reintegration (DDR)	18,910	*	1,000
1.3.6 Defense, Military, and Border Restructuring, Reform and Operations	34	*	-
1.3.7 Law Enforcement Restructuring, Reform and Operations	21,250	*	20,000
1.3.8 Program Support (Stabilization)	76	*	424
<b>1.4 Counter-Narcotics</b>	614,056	*	414,759
1.4.1 Eradication	312,878	*	211,378
1.4.2 Alternative Development and Alternative Livelihoods	148,093	*	-
1.4.3 Interdiction	123,433	*	186,126
1.4.4 Drug Demand Reduction	3,804	*	748
1.4.5 Program Support (Narcotics)	25,848	*	16,507
<b>1.5 Transnational Crime</b>	680	*	879
1.5.1 Financial Crimes and Money Laundering	660	*	861
1.5.5 Program Support (Crime)	20	*	18
<b>2.1 Rule of Law and Human Rights</b>	22,398	*	5,750
2.1.1 Constitutions, Laws, and Legal Systems	1,473	*	250
2.1.3 Justice System	12,074	*	5,371
2.1.4 Human Rights	8,740	*	-
2.1.5 Program Support (Rule of Law)	111	*	129
<b>2.2 Good Governance</b>	3,897	*	-
2.2.1 Legislative Function and Processes	17	*	-
2.2.3 Local Government and Decentralization	3,387	*	-
2.2.4 Anti-Corruption Reforms	350	*	-
2.2.6 Program Support (Governance)	143	*	-
<b>2.3 Political Competition and Consensus-Building</b>	1,330	*	-
2.3.3 Political Parties	1,330	*	-
<b>2.4 Civil Society</b>	17	*	-
2.4.1 Civic Participation	17	*	-
<b>3.3 Social and Economic Services and Protection for Vulnerable Populations</b>	30,690	*	-
3.3.3 Social Assistance	30,690	*	-
<b>4.2 Trade and Investment</b>	8,500	*	-
4.2.2 Trade and Investment Capacity	8,500	*	-
<b>5.1 Protection, Assistance and Solutions</b>	5,000	*	-
5.1.2 Crisis Assistance and Recovery	5,000	*	-



**Andean Counterdrug Initiative**  
(\$ in Thousands)

	<b>2006 CBJ Actual</b>	<b>2007 CBJ Estimate</b>	<b>2008 CBJ Request</b>
<b>TOTAL</b>	727,155	569,350	442,812
<b>ACI</b>	727,155	569,350	442,812
<b>Bolivia Total</b>	79,200	*	30,000
<i>Bolivia - Alternative Development/Institution Building</i>	36,630	*	
<i>Bolivia - Interdiction</i>	42,570	*	30,000
<b>Brazil</b>	5,940	*	1,000
<b>Colombia Total</b>	464,781	*	366,968
<i>Colombia - Alternative Development/Institution Building</i>	129,920	*	
<i>Colombia - Interdiction</i>	334,861	*	366,968
<b>Ecuador Total</b>	19,800	*	7,000
<i>Ecuador - Alternative Development/Institution Building</i>	11,425	*	
<i>Ecuador - Interdiction</i>	8,375	*	7,000
<b>Panama</b>	4,455	*	1,000
<b>Peru</b>	106,920	*	36,844
<b>Venezuela</b>	2,229	*	-
<b>Air Bridge Denial Program</b>	13,860	*	
<b>Critical Flight Safety Program</b>	29,970	*	-

## Assistance for Eastern Europe and the Baltic States

(\$ in thousands)	FY 2006 Actual	FY 2007 Estimate	FY 2008 Request
Assistance for Eastern Europe and the Baltic States	357,390	269,200	289,322

The President's FY 2008 **\$289.3 million** request for SEED (Support for East European Democracy) Act and Foreign Assistance ACT (FAA) funding will continue to help stabilize Southeast Europe, which suffered the violent breakup of Yugoslavia and its aftermath in the 1990s. Stability in Kosovo and Serbia – essential for sustained stability in the region – are top priorities for SEED funding. Programs will focus on integrating Southeast Europe into the Euro-Atlantic community with its values of democracy, rule of law, individual freedom and market economies.

The governments of the region are committed to reform and Euro-Atlantic integration; some are further along than others. Promoting democratic reform and stability, economic development, and rule of law will deepen their relationship with NATO, the European Union, the Stability Pact and the Central Europe Free Trade Agreement. SEED funding will support programs that fight international crime, trafficking, and corruption; build socio-economic bridges between ethnic communities; and consolidate the region's democratic and economic progress.

### AEEB (SEED) Funding Snapshot

- Kosovo -- **\$151.2 million**, following a status determination, to help Kosovar institutions adjust to the challenge of self-governance; develop judicial and law enforcement systems; support key industries and drive economic growth through policy reform; strengthen democratic institutions; and mitigate conflict by building multiethnic communities that embrace tolerance.
- Serbia -- **\$51.3 million** to help Serbia's fragile reformist leadership keep political and economic reform on track. Major work remains in the areas of rule of law, privatization, economic growth, law enforcement, and building democracy. Serbia's stability and reform are fundamental to the success of U.S. foreign policy in the region. Assistance to Serbia following its peaceful split with Montenegro in 2006 and a looming final determination of Kosovo's status remains focused on accelerating Serbia's progress toward Euro-Atlantic integration.
- Bosnia and Herzegovina -- **\$22.9 million** to help develop fledgling state-level institutions; strengthen the rule of law, including the ability to address war crimes, organized crime, and terrorism; foster an investor-friendly climate and sound financial and business regulatory environment for the private sector; and build the capacity of local government, media, and civil society.
- Regional SEED -- **\$21.2 million** to help restore the regional ties broken by conflict as well as to support economic integration initiatives; fund grants programs promoting cross-border work on reconciliation and democratic reform; support law enforcement

cooperation including fighting organized crime and corruption; and part of the U.S. contribution to the Organization for Security and Cooperation in Europe (OSCE).

- Macedonia -- **\$18.9 million** to support sustained stability and Euro-Atlantic integration through the Ohrid Framework Agreement's full, practical implementation by further enhancing the government's ability to combat cross-border crime, strengthen rule of law, and advance macroeconomic reforms.
- Albania -- **\$16.2 million** to improve the government's law enforcement and military capabilities, build democratic institutions, promote private-sector led growth, strengthen capacity in the health sector and fight trafficking, organized crime, and corruption.

### Statement of Changes

The FY 2008 SEED request of \$289.3 million is a 19 percent decrease from \$357.4 million in FY 2006, reflecting graduation of several countries from foreign assistance. FY 2006 was the last year of SEED funding for Croatia, Romania and Bulgaria.

## **Assistance for Eastern Europe and the Baltic States**

by Account, Program Objective, Program Area and Program Element

	2006 CBJ Actual	2007 CBJ Estimate	2008 CBJ Request
SEED	357,390	269,200	289,322
1 Peace & Security	67,599	*	62,315
1.2 Combating Weapons of Mass Destruction (WMD)	74	*	-
1.2.1 Counter WMD Proliferation and Combat WMD Terrorism	15	*	-
1.2.2 Program Support (WMD)	59	*	-
1.3 Stabilization Operations and Security Sector Reform	42,638	*	40,150
1.3.2 Disarmament, Demobilization & Reintegration (DDR)	-	*	4,410
1.3.3 Destruction and Security of Conventional Weapons	-	*	500
1.3.5 Immediate Protection of Civilians in Conflict	-	*	7,000
1.3.6 Defense, Military, and Border Restructuring, Reform and Operations	-	*	7,500
1.3.7 Law Enforcement Restructuring, Reform and Operations	42,137	*	19,257
1.3.8 Program Support (Stabilization)	501	*	1,483
1.4 Counter-Narcotics	-	*	600
1.4.3 Interdiction	-	*	588
1.4.5 Program Support (Narcotics)	-	*	12
1.5 Transnational Crime	5,836	*	5,500
1.5.1 Financial Crimes and Money Laundering	785	*	2,388
1.5.2 Intellectual Property Theft, Corporate Espionage, and Cyber Security	-	*	980
1.5.3 Trafficking-in-Persons and Migrant Smuggling	4,243	*	1,911
1.5.4 Organized and Gang-related Crime	585	*	-
1.5.5 Program Support (Crime)	223	*	221
1.6 Conflict Mitigation and Reconciliation	19,051	*	16,065
1.6.1 Conflict Mitigation	2,696	*	6,221
1.6.2 Peace and Reconciliation Processes	169	*	3,389
1.6.3 Preventive Diplomacy	16,186	*	5,565

## Assistance for Eastern Europe and the Baltic States

by Account, Program Objective, Program Area and Program Element

	2006 CBJ Actual	2007 CBJ Estimate	2008 CBJ Request
1.6.4 Program Support (Conflict)	-	*	890
<b>2 Governing Justly &amp; Democratically</b>	134,018	*	90,087
<b>2.1 Rule of Law and Human Rights</b>	41,041	*	30,167
2.1.1 Constitutions, Laws, and Legal Systems	1,559	*	5,031
2.1.2 Judicial Independence	1,750	*	8,826
2.1.3 Justice System	32,104	*	11,437
2.1.4 Human Rights	3,450	*	2,713
2.1.5 Program Support (Rule of Law)	2,178	*	2,160
<b>2.2 Good Governance</b>	26,259	*	30,914
2.2.1 Legislative Function and Processes	2,376	*	2,119
2.2.2 Public Sector Executive Function	460	*	4,024
2.2.3 Local Government and Decentralization	18,828	*	16,189
2.2.4 Anti-Corruption Reforms	1,937	*	3,424
2.2.5 Governance of the Security Sector	-	*	3,083
2.2.6 Program Support (Governance)	2,658	*	2,075
<b>2.3 Political Competition and Consensus-Building</b>	11,667	*	11,267
2.3.1 Consensus-Building Processes	1,322	*	2,886
2.3.2 Elections and Political Processes	1,466	*	3,887
2.3.3 Political Parties	8,228	*	3,552
2.3.4 Program Support (Political Competition)	651	*	942
<b>2.4 Civil Society</b>	55,051	*	17,739
2.4.1 Civic Participation	48,522	*	11,265
2.4.2 Media Freedom and Freedom of Information	4,695	*	4,242
2.4.3 Program Support (Civil Society)	1,834	*	2,232
<b>3 Investing in People</b>	18,705	*	25,075
<b>3.1 Health</b>	6,799	*	9,725
3.1.1 HIV/AIDS	764	*	-
3.1.2 Tuberculosis	220	*	-
3.1.5 Other Public Health Threats	2,159	*	2,825
3.1.6 Maternal and Child Health	1,321	*	700
3.1.7 Family Planning and Reproductive Health	1,268	*	1,700
3.1.8 Water Supply and Sanitation	1,067	*	4,500
<b>3.2 Education</b>	10,576	*	11,300
3.2.1 Basic Education	7,045	*	9,300
3.2.2 Higher Education	3,531	*	2,000
<b>3.3 Social and Economic Services and Protection for Vulnerable Populations</b>	1,330	*	4,050
3.3.1 Policies, Regulations, and Systems	95	*	550
3.3.2 Social Services	1,235	*	3,500
<b>4 Economic Growth</b>	136,868	*	105,845
<b>4.1 Macroeconomic Foundation for Growth</b>	9,040	*	6,000

## Assistance for Eastern Europe and the Baltic States

by Account, Program Objective, Program Area and Program Element

	2006 CBJ Actual	2007 CBJ Estimate	2008 CBJ Request
4.1.1 Fiscal policy	8,315	*	5,092
4.1.2 Monetary policy	-	*	-
4.1.3 Program Support (Macro Econ)	725	*	908
<b>4.2 Trade and Investment</b>	3,710	*	4,475
4.2.1 Trade and Investment Enabling Environment	2,919	*	1,657
4.2.2 Trade and Investment Capacity	500	*	2,257
4.2.3 Program Support (Trade)	291	*	561
<b>4.3 Financial Sector</b>	8,215	*	6,705
4.3.1 Financial Sector Enabling Environment	6,206	*	5,198
4.3.2 Financial Services	1,385	*	682
4.3.3 Program Support (Financial Sector)	624	*	825
<b>4.4 Infrastructure</b>	7,926	*	24,700
4.4.1 Modern Energy Services	7,743	*	8,981
4.4.2 Communications Services	-	*	4,500
4.4.3 Transport Services	-	*	10,600
4.4.4 Program Support (Infrastructure)	183	*	619
<b>4.5 Agriculture</b>	14,270	*	11,400
4.5.1 Agricultural Enabling Environment	2,015	*	2,348
4.5.2 Agricultural Sector Productivity	9,933	*	7,757
4.5.3 Program Support (Agriculture)	2,322	*	1,295
<b>4.6 Private Sector Competitiveness</b>	81,960	*	35,647
4.6.1 Business Enabling Environment	14,782	*	6,040
4.6.2 Private Sector Productivity	55,764	*	22,311
4.6.3 Workforce Development	5,235	*	3,831
4.6.4 Program Support (Private Sector)	6,179	*	3,465
<b>4.7 Economic Opportunity</b>	11,708	*	15,550
4.7.1 Inclusive Financial Markets	-	*	951
4.7.2 Policy Environment for Micro and Small Enterprises	5,774	*	5,658
4.7.3 Strengthen Microenterprise Productivity	5,690	*	4,500
4.7.4 Inclusive Economic Law and Property Rights	-	*	2,970
4.7.5 Program Support (Econ Opportunity)	244	*	1,471
<b>4.8 Environment</b>	39	*	1,368
4.8.1 Natural Resources and Biodiversity	-	*	120
4.8.2 Clean Productive Environment	39	*	1,000
4.8.3 Program Support (Environment)	-	*	248
<b>5 Humanitarian Assistance</b>	200	*	6,000
<b>5.1 Protection, Assistance and Solutions</b>	200	*	1,700
5.1.1 Protection and Solutions	-	*	1,700
5.1.2 Crisis Assistance and Recovery	200	*	-
<b>5.2 Disaster Readiness</b>	-	*	2,200
5.2.1 Capacity Building, Preparedness, and Planning	-	*	1,300

## Assistance for Eastern Europe and the Baltic States

by Account, Program Objective, Program Area and Program Element

	2006 CBJ Actual	2007 CBJ Estimate	2008 CBJ Request
5.2.2 Mitigation	-	*	900
<b>5.3.3 Migration Management</b>	-	*	2,100
5.3.2 Institutional Support and Capacity-building	-	*	1,890
5.3.3 Program Support (Migration)	-	*	210

## Assistance for Eastern Europe and the Baltic States

by Country

	2006 CBJ Actual	2007 CBJ Estimate	2008 CBJ Request
<b>SEED</b>	357,390	269,200	289,322
Albania	24,750	*	16,200
Bosnia and Herzegovina	39,600	*	22,900
Bulgaria	20,100	*	-
Croatia	14,850	*	-
Kosovo	77,700	*	151,246
Macedonia	35,100	*	18,900
Montenegro	15,000	*	7,572
Romania	20,000	*	-
Serbia	69,450	*	51,300
Europe Regional	40,840	*	21,204

## Assistance for the Independent States of the Former Soviet Union

(\$ in thousands)	FY 2006 Actual	FY 2007 Estimate	FY 2008 Request
Assistance for the Independent States	508,860	435,480	351,585

The FY 2008 request of **\$351.6 million** for FREEDOM Support Act (FSA) and Foreign Assistance Act funding reflects the vital U.S. national interest in helping the independent states of the former Soviet Union meet the transformational diplomacy goal by assisting them to advance along the path toward becoming stable, pluralistic, and prosperous countries that can assist the United States in combating transnational threats.

While FSA assistance has played a substantial role in supporting reform in Eurasia, dramatically illustrated by the democratic breakthroughs in 2003-2005, a number of difficult challenges remain across the range of foreign assistance objectives. FSA funding will support programs that promote democratic and economic reform, fight transnational threats, improve health care and education, and provide humanitarian assistance. The priority for FSA funding is supporting countries at the forefront of democratic reform – Ukraine, Georgia, Moldova, and the Kyrgyz Republic. Each of these countries has either qualified or is under consideration for receiving Millennium Challenge Corporation (MCC) assistance. In these cases, FSA funding is focused to complement MCC resources and maximize the impact of its development activities. Another priority for FSA funding is democracy promotion assistance in countries that present democratic challenges such as Russia, Belarus, and Uzbekistan.

### IS (FSA) Funding Snapshot

- Ukraine -- **\$71.0 million** to promote development of a democratic, prosperous, and secure Ukraine fully integrated into the Euro-Atlantic community. FSA programs will support civil society, the rule of law, justice sector reform, and anti-corruption efforts; promote energy security; combat the HIV/AIDS epidemic; and improve health care.
- Georgia -- **\$50.5 million** to help consolidate Georgia’s democratic and economic reforms, address rural poverty, increase the country’s engagement with separatist regions, and decrease its energy dependence on Russia.
- Russia -- **\$50.0 million** to intensify support for civil society, independent media, the rule of law, and human rights, with a focus on promoting a democratic presidential election in 2008. Funding will also combat HIV/AIDS, trafficking in persons, and other transnational threats. Conflict mitigation programs in the North Caucasus will help stem the spread of instability and development.
- Armenia -- **\$35.0 million** to help implement economic and democratic reform and fight corruption. FSA assistance will complement major MCC resources for agricultural development.

- Tajikistan -- **\$26.9 million** to promote democratic and economic reform, fight infectious diseases, combat extremism, improve education, and strengthen Tajikistan's borders in the face of an increasing flow of illegal drugs from Afghanistan.
- Kyrgyz Republic -- **\$23.8 million** to help implement reforms that allow for sustained progress and stability, including strengthening democratic institutions; addressing corruption, economic development, and social issues; securing borders; and fighting drug trafficking and infectious diseases.
- Regional FSA -- **\$22.2 million** to support regional efforts to combat transnational threats, promote cross-border economic and energy linkages, track country progress towards transition goals, mitigate cross-border health problems, facilitate U.S. investment and exports to the region, and contribute to regional organizations such as the Organization for Security and Cooperation in Europe (OSCE).
- Azerbaijan -- **\$18 million** to promote economic reforms that will enable Azerbaijan to manage its energy resources transparently and support private enterprise development; support law enforcement reform; strengthen borders; and encourage democratization, including supporting a free and fair presidential election process in 2008.

#### Statement of Changes

The FY 2008 FSA request of \$351.6 million is a 31 percent decrease from \$508.9 million in FY 2006. FY 2006 was the last year of funding for economic programs in Russia. Across objectives, the proportion of funding for Governing Justly and Democratically and Investing in People increased from FY 2006 to FY 2008, a strategic shift of resources based on high economic growth rates in some Eurasian countries, the importance of democracy promotion in the region, and the re-focusing of economic assistance in Georgia and Armenia to complement MCC resources.

### **Assistance for Independent States of the Former Soviet Union**

by Account, Program Objective, Program Area and Program Element

	2006 CBJ Actual	2007 CBJ Estimate	2008 CBJ Request
FSA	508,860	435,480	351,585
1 Peace & Security	98,137	*	66,110
1.1 Counter-Terrorism	495	*	7,700
1.1.3 Governments' Capabilities	421	*	7,625
1.1.4 Program Support (Counter-Terrorism)	74	*	75
1.2 Combating Weapons of Mass Destruction (WMD)	35,877	*	23,000
1.2.1 Counter WMD Proliferation and Combat WMD Terrorism	34,057	*	20,756
1.2.2 Program Support (WMD)	1,820	*	2,244
1.3 Stabilization Operations and Security Sector Reform	30,983	*	16,875
1.3.3 Destruction and Security of Conventional Weapons	-	*	1,206
1.3.4 Explosive Remnants of War (ERW)	400	*	-
1.3.6 Defense, Military, and Border Restructuring, Reform and Operations	6,944	*	4,916
1.3.7 Law Enforcement Restructuring, Reform and Operations	22,311	*	10,019
1.3.8 Program Support (Stabilization)	1,328	*	734



## Assistance for Independent States of the Former Soviet Union

by Account, Program Objective, Program Area and Program Element

	2006 CBJ Actual	2007 CBJ Estimate	2008 CBJ Request
<b>1.4 Counter-Narcotics</b>	3,700	*	5,100
1.4.1 Eradication	-	*	294
1.4.3 Interdiction	3,641	*	3,796
1.4.4 Drug Demand Reduction	-	*	996
1.4.5 Program Support (Narcotics)	59	*	14
<b>1.5 Transnational Crime</b>	7,910	*	4,450
1.5.1 Financial Crimes and Money Laundering	343	*	969
1.5.2 Intellectual Property Theft, Corporate Espionage, and Cyber Security	-	*	331
1.5.3 Trafficking-in-Persons and Migrant Smuggling	6,076	*	3,016
1.5.4 Organized and Gang-related Crime	1,125	*	-
1.5.5 Program Support (Crime)	366	*	134
<b>1.6 Conflict Mitigation and Reconciliation</b>	19,172	*	8,985
1.6.1 Conflict Mitigation	4,037	*	3,224
1.6.2 Peace and Reconciliation Processes	2,975	*	2,570
1.6.3 Preventive Diplomacy	11,880	*	2,935
1.6.4 Program Support (Conflict)	280	*	256
<b>2 Governing Justly &amp; Democratically</b>	165,346	*	128,440
<b>2.1 Rule of Law and Human Rights</b>	18,159	*	24,040
2.1.1 Constitutions, Laws, and Legal Systems	-	*	3,077
2.1.2 Judicial Independence	2,512	*	5,313
2.1.3 Justice System	10,866	*	10,489
2.1.4 Human Rights	3,699	*	4,129
2.1.5 Program Support (Rule of Law)	1,082	*	1,032
<b>2.2 Good Governance</b>	36,227	*	25,930
2.2.1 Legislative Function and Processes	4,235	*	3,856
2.2.2 Public Sector Executive Function	3,032	*	3,681
2.2.3 Local Government and Decentralization	20,211	*	9,614
2.2.4 Anti-Corruption Reforms	5,612	*	6,004
2.2.5 Governance of the Security Sector	-	*	710
2.2.6 Program Support (Governance)	3,137	*	2,065
<b>2.3 Political Competition and Consensus-Building</b>	21,949	*	24,280
2.3.1 Consensus-Building Processes	693	*	1,820
2.3.2 Elections and Political Processes	6,847	*	10,762
2.3.3 Political Parties	13,230	*	10,385
2.3.4 Program Support (Political Competition)	1,179	*	1,313
<b>2.4 Civil Society</b>	89,011	*	54,190
2.4.1 Civic Participation	63,442	*	35,156
2.4.2 Media Freedom and Freedom of Information	17,638	*	14,023
2.4.3 Program Support (Civil Society)	7,931	*	5,011
<b>3 Investing in People</b>	84,906	*	65,629
3.1 Health	69,463	*	52,379

## Assistance for Independent States of the Former Soviet Union

by Account, Program Objective, Program Area and Program Element

	2006 CBJ Actual	2007 CBJ Estimate	2008 CBJ Request
3.1.1 HIV/AIDS	18,375	*	25,950
3.1.2 Tuberculosis	11,470	*	10,025
3.1.4 Avian Influenza	1,936	*	-
3.1.5 Other Public Health Threats	12,744	*	2,475
3.1.6 Maternal and Child Health	7,756	*	5,119
3.1.7 Family Planning and Reproductive Health	12,590	*	7,110
3.1.8 Water Supply and Sanitation	4,592	*	1,700
<b>3.2 Education</b>	5,577	*	7,750
3.2.1 Basic Education	1,463	*	4,850
3.2.2 Higher Education	4,114	*	2,900
<b>3.3 Social and Economic Services and Protection for Vulnerable Populations</b>	9,866	*	5,500
3.3.1 Policies, Regulations, and Systems	3,069	*	3,500
3.3.2 Social Services	5,811	*	1,700
3.3.3 Social Assistance	986	*	300
<b>4 Economic Growth</b>	144,959	*	80,006
<b>4.1 Macroeconomic Foundation for Growth</b>	15,634	*	4,990
4.1.1 Fiscal policy	12,348	*	3,028
4.1.2 Monetary policy	2,126	*	1,372
4.1.3 Program Support (Macro Econ)	1,160	*	590
<b>4.2 Trade and Investment</b>	14,425	*	11,350
4.2.1 Trade and Investment Enabling Environment	10,674	*	8,855
4.2.2 Trade and Investment Capacity	2,672	*	1,723
4.2.3 Program Support (Trade)	1,079	*	772
<b>4.3 Financial Sector</b>	22,265	*	8,125
4.3.1 Financial Sector Enabling Environment	9,924	*	4,769
4.3.2 Financial Services	11,134	*	2,824
4.3.3 Program Support (Financial Sector)	1,207	*	532
<b>4.4 Infrastructure</b>	20,810	*	14,825
4.4.1 Modern Energy Services	18,285	*	13,575
4.4.2 Communications Services	502	*	184
4.4.3 Transport Services	600	*	-
4.4.4 Program Support (Infrastructure)	1,423	*	1,066
<b>4.5 Agriculture</b>	32,717	*	16,937
4.5.1 Agricultural Enabling Environment	8,485	*	5,356
4.5.2 Agricultural Sector Productivity	22,254	*	11,310
4.5.3 Program Support (Agriculture)	1,978	*	271
<b>4.6 Private Sector Competitiveness</b>	26,286	*	18,704
4.6.1 Business Enabling Environment	13,308	*	12,354
4.6.2 Private Sector Productivity	8,362	*	3,188
4.6.3 Workforce Development	2,009	*	2,024

## Assistance for Independent States of the Former Soviet Union

by Account, Program Objective, Program Area and Program Element

	2006 CBJ Actual	2007 CBJ Estimate	2008 CBJ Request
4.6.4 Program Support (Private Sector)	2,607	*	1,138
<b>4.7 Economic Opportunity</b>	<b>10,323</b>	<b>*</b>	<b>4,700</b>
4.7.1 Inclusive Financial Markets	5,176	*	2,746
4.7.2 Policy Environment for Micro and Small Enterprises	1,296	*	968
4.7.3 Strengthen Microenterprise Productivity	2,671	*	694
4.7.4 Inclusive Economic Law and Property Rights	-	*	100
4.7.5 Program Support (Econ Opportunity)	1,180	*	192
<b>4.8 Environment</b>	<b>2,499</b>	<b>*</b>	<b>375</b>
4.8.1 Natural Resources and Biodiversity	1,746	*	-
4.8.2 Clean Productive Environment	615	*	-
4.8.3 Program Support (Environment)	138	*	375
<b>5 Humanitarian Assistance</b>	<b>15,512</b>	<b>*</b>	<b>11,400</b>
<b>5.1 Protection, Assistance and Solutions</b>	<b>15,512</b>	<b>*</b>	<b>11,400</b>
5.1.1 Protection and Solutions	-	*	4,200
5.1.2 Crisis Assistance and Recovery	14,802	*	6,430
5.1.3 Program Support (Protection)	710	*	770

## Assistance for Independent States of the Former Soviet Union

by Country

	2006 CBJ Actual	2007 CBJ Estimate	2008 CBJ Request
<b>FSA</b>	<b>508,860</b>	<b>435,480</b>	<b>351,585</b>
Armenia	69,000	*	35,000
Azerbaijan	34,205	*	18,000
Belarus	11,484	*	10,000
Georgia	67,780	*	50,500
Kazakhstan	24,750	*	14,397
Kyrgyz Republic	29,029	*	23,815
Moldova	17,820	*	13,300
Russia	80,200	*	50,000
Tajikistan	23,760	*	26,880
Turkmenistan	4,950	*	5,500
Ukraine	82,160	*	71,000
Uzbekistan	17,820	*	8,474
Eurasia Regional	44,199	*	22,219
Central Asia Regional	1,703	*	2,500

## Child Survival and Health Programs Fund

(\$ in thousands)	FY 2006 Actual	FY 2007 Estimate	FY 2008 Request
Child Survival and Health Programs Fund	1,591,425	1,518,359	1,564,279

The FY 2008 request of **\$1.56 billion** for the Child Survival and Health Programs Fund (CSH) reflects the President’s continuing commitment to improve interventions that address critical health, HIV/AIDS, malaria, nutrition and family planning needs worldwide. Programs expand basic health services and strengthen national systems to significantly improve people’s health, especially that of women, children, and other vulnerable populations.

CSH funds are focused on countries where impact will be maximized based on the country’s complete development picture, including consideration of health indicators, host country absorptive capacity, the totality of USG resources in country, and the work of other donors in country. Allocation decisions were planned in collaboration with the Office of the Global AIDS Coordinator in order to maximize complementarity with health interventions requested under the Global HIV/AIDS Initiative account.

### CSH funding snapshot

#### **Country levels:**

##### *Sub-Saharan Africa*

- Nigeria -- **\$31.3 million** for tuberculosis, malaria, maternal and child health, family planning and reproductive health.
- Malawi -- **\$27.7 million** for HIV/AIDS, tuberculosis, malaria, maternal and child health, family planning and reproductive health.
- Democratic Republic of the Congo -- **\$26.9 million** for HIV/AIDS, tuberculosis, malaria, maternal and child health, family planning and reproductive health.
- Ethiopia -- **\$25.5 million** for tuberculosis, malaria, maternal and child health, family planning and reproductive health.
- Tanzania -- **\$22.1 million** for tuberculosis, malaria, maternal and child health, family planning and reproductive health.
- Uganda -- **\$20.9 million** for tuberculosis, malaria, maternal and child health, family planning and reproductive health.
- Ghana -- **\$18.2 million** for HIV/AIDS, malaria, maternal and child health, family planning and reproductive health and other public health threats.

- Zimbabwe -- **\$18.0 million** for HIV/AIDS, family planning and reproductive health.
- Kenya -- **\$17.0 million** for tuberculosis, malaria, maternal and child health, family planning and reproductive health.
- Mozambique -- **\$15.7 million** for tuberculosis, malaria, maternal and child health, family planning and reproductive health.
- Angola -- **\$15.4 million** for HIV/AIDS, malaria, maternal and child health, family planning and reproductive health.

#### *East Asia & Pacific*

- Indonesia -- **\$32.1 million** for HIV/AIDS, tuberculosis, maternal and child health.
- Cambodia -- **\$24.7 million** for HIV/AIDS, tuberculosis, maternal and child health, family planning and reproductive health and other public health threats.
- Philippines -- **\$17.5 million** for HIV/AIDS, tuberculosis, maternal and child health, family planning and reproductive health.

#### *South and Central Asia*

- Afghanistan -- **\$65.9 million** for tuberculosis, maternal and child health, family planning and reproductive health, and other public health threats.
- India -- **\$62.2 million** for HIV/AIDS, tuberculosis, maternal and child health, family planning and reproductive health.
- Pakistan -- **\$39.8 million** for HIV/AIDS, tuberculosis, maternal and child health, family planning and reproductive health, water supply and sanitation.
- Bangladesh -- **\$39.6 million** for HIV/AIDS, tuberculosis, maternal and child health, family planning and reproductive health.
- Nepal -- **\$18.0 million** for HIV/AIDS, maternal and child health, family planning and reproductive health and other public health threats.

#### *Near East*

- Jordan -- **\$21.3 million** for HIV/AIDS, maternal and child health, family planning and reproductive health, and water supply and sanitation.

#### *Western Hemisphere*

- Haiti -- **\$18.0 million** for HIV/AIDS, tuberculosis, maternal and child health, family planning and reproductive health.

## Technical Areas:

- **\$385.0 million for malaria programs**, supporting the President’s Malaria Initiative that will be expanded from seven to fifteen high-burden countries in FY2008 (Funding for this area is also requested in the following accounts: **\$2.5 million** ESF).
- **\$314.3 million for HIV/AIDS programs** to focus on prevention, care, and treatment efforts, and the support of children affected by AIDS in 99 countries (Funding for this area is also requested in the following accounts: **\$26.0 million** is FSA, and **\$6.0 million** ESF).
- **\$345.6 million for Child Survival and Maternal Health programs** (Funding for this area is also requested in other accounts: **\$123.0 million** IO&P, **\$113.4 million** P.L. 480, **\$20.7 million** ESF, **\$5.1 million** FSA, and **\$0.7 million** SEED).
- **\$301.7 million for Family Planning and Reproductive Health programs** (Funding for this area is also requested in the following accounts: **\$14.3 million** ESF, **\$7.1 million** FSA, **\$1.7 million** SEED).
- **\$100 million** to support programs that contain or prevent an **avian influenza** pandemic.
- **\$79.4 million for programs to combat tuberculosis**, which is a serious and common co-infection for HIV-infected individuals (Funding for this area is also requested in the following accounts: **\$10.0 million** IS, **\$0.5 million** ESF).
- **\$34.2 million** for other public health threats, including water supply and sanitation (Funding for this area is also requested in the following accounts: **\$91.0 million** ESF, **\$22.6 million** DA, **\$7.3 million** AEEB, **\$4.2 million** FSA).

## Statement of Changes

The FY 2008 request is a decrease of 17 percent from FY 2006 CSH family planning and reproductive health levels, reflecting significant successes that have been achieved after 40 years of worldwide family planning efforts. FY 2008 funds are targeted to Africa, where significant family planning needs remain. The decision to decrease funds to this sector was “demand-driven,” that is, identified by interagency teams, with input from field Missions. In FY 2008, a \$300 million contribution to the Global Fund for AIDS, Tuberculosis and Malaria is requested within the Department of Health and Human Services/National Institutes of Health budget.

The funding request for malaria in FY 2008 increases by \$285 million over FY 2006 \$100 million levels. The increased request will fund assistance for all 15 targeted countries under the President’s Malaria Initiative as well as ongoing bilateral programs worldwide. While first funded in a FY 2006 supplemental, continued funding is needed to respond to avian influenza outbreaks which have expanded from a concentration in Southeast Asia to a total of 53 countries across Eurasia, Middle East, Africa, as well as Southeast Asia.

## Child Survival and Health Programs Fund

by Account, Program Area and Program Element

	2006 CBJ Actual	2007 CBJ Estimate	2008 CBJ Request
CSH	1,591,425	1,518,359	1,564,279
<b>3.1 Health</b>	1,591,425	1,518,359	1,560,279
3.1.1 HIV/AIDS	1,576,202	*	314,278
3.1.2 Tuberculosis	594,000	*	79,420
3.1.3 Malaria	81,776	*	385,005
3.1.4 Avian Influenza	98,900	*	100,000
3.1.5 Other Public Health Threats	265	*	24,106
3.1.6 Maternal and Child Health	40,592	*	345,593
3.1.7 Family Planning and Reproductive Health	365,145	*	301,728
3.1.8 Water Supply and Sanitation	393,524	*	10,149
<b>3.3 Social and Economic Services and Protection for Vulnerable Populations</b>	2,000	*	4,000
3.3.2 Social Services	15,223	*	-
3.3.3 Social Assistance	12,623	*	4,000
<b>5.2 Disaster Readiness</b>	200	*	-
5.2.2 Mitigation	188	*	-
5.2.3 Program Support (Disaster Readiness)	12	*	-

## Child Survival and Health Programs Fund

by Account and Country

	2006 CBJ Actual	2007 CBJ Estimate	2008 CBJ Request
CSH	1,591,425	1,518,359	1,564,279
Afghanistan	41,449	*	65,900
Angola	13,634	*	15,400
Bangladesh	31,509	*	39,615
Belize	-	*	-
Benin	7,606	*	8,100
Bolivia	17,233	*	11,500
Brazil	3,605	*	2,000
Burma	-	*	1,040
Burundi	2,570	*	6,000
Cambodia	28,556	*	24,700
Cameroon	-	*	1,000
China	-	*	7,290
Costa Rica	-	*	-

## Child Survival and Health Programs Fund

by Account and Country

	2006 CBJ Actual	2007 CBJ Estimate	2008 CBJ Request
Democratic Republic of the Congo	23,537	*	26,850
Djibouti	-	*	1,240
Dominican Republic	12,721	*	7,500
Ecuador	-	*	-
El Salvador	8,144	*	6,000
Ethiopia	30,692	*	25,500
Ghana	18,157	*	18,200
Guatemala	12,040	*	12,500
Guinea	7,001	*	6,500
Haiti	19,801	*	18,000
Honduras	13,140	*	10,600
India	52,815	*	62,200
Indonesia	28,017	*	32,060
Jamaica	4,472	*	1,221
Jordan	-	*	21,350
Kenya	17,840	*	16,950
Laos	-	*	1,051
Lesotho	-	*	7,500
Liberia	2,867	*	10,800
Madagascar	11,526	*	11,500
Malawi	21,125	*	27,700
Mali	16,554	*	13,845
Mexico	3,990	*	2,500
Mozambique	17,262	*	15,650
Namibia	1,168	*	1,200
Nepal	18,613	*	17,985
Nicaragua	7,699	*	7,500
Nigeria	21,544	*	31,300
Pakistan	22,757	*	39,800
Papua New Guinea	-	*	2,080
Paraguay	2,884	*	1,300
Peru	14,213	*	12,000
Philippines	24,651	*	17,510
Russia	2,970	*	-
Rwanda	7,284	*	8,702
Senegal	14,001	*	12,300
Sierra Leone	-	*	-
Somalia	-	*	1,000
South Africa	5,070	*	3,500



## Child Survival and Health Programs Fund

by Account and Country

	2006 CBJ Actual	2007 CBJ Estimate	2008 CBJ Request
Sudan	19,000	*	-
Swaziland	-	*	7,500
Tanzania	21,954	*	22,100
Thailand	-	*	1,040
Uganda	20,648	*	20,900
Ukraine	2,176	*	-
West Bank and Gaza	-	*	10,000
Yemen	-	*	4,383
Zambia	16,004	*	10,770
Zimbabwe	10,973	*	18,010
Democracy, Conflict, and Humanitarian Assistance (DCHA)	2,970	*	3,000
Global Development Alliances (GDA)	300	*	-
Global Health	320,387	*	438,619
Avian Influenza	-	*	100,000
International Partnerships	452,319	*	97,108
Policy and Program Coordination	2,574	*	-
Africa Regional	28,204	*	88,730
Asia and Near East Regional	6,386	*	2,870
Caribbean Regional	6,435	*	5,000
Central America Regional	6,167	*	4,000
Central Asia Regional	1,238	*	-
East Africa Regional	10,098	*	5,760
Latin America and Caribbean Regional	8,317	*	6,200
Regional Development Mission / Asia	18,941	*	8,850
Southern Africa Regional	7,401	*	2,000
West Africa Regional	18,216	*	11,500

## Development Assistance

(\$ in thousands)	FY 2006 Actual	FY 2007 Estimate	FY 2008 Request
Development Assistance	1,508,760	1,508,000	1,041,248

The FY 2008 request of **\$1.04 billion** for Development Assistance will focus on programs to promote transformational diplomacy in Developing and Transforming countries. The request level in FY 2008 reflects the intent to limit the use of DA in Rebuilding and Restrictive countries where special economic, political, and security circumstances are better served through the use of ESF. Funds will be focused on demand-driven interventions that address critical barriers to sustainable progress, including basic education, foundations for equitable economic growth, and natural resources management. In addition, funds are targeted to help government and civil society strengthen their institutions to qualify for additional resources, such as merit-based grants offered through MCC compact and threshold funds.

DA funds will also support, to a limited degree, programs in Rebuilding states that enhance stability and develop key institutional capacities for lasting recovery, as well as global issues and concerns related to sustainable development. DA funds will be allocated on a limited basis to Sustaining Partnership countries, which are characterized as states with upper-middle income.

### DA funding snapshot

*Note that the figures below do not represent the totality of USG assistance in these sectors. Additional resources for these sectors are funded from other accounts.*

### **Country Levels:**

#### ***Sub-Saharan Africa***

- Ethiopia -- **\$39.8 million** for programs focused on investing in people, economic growth, and governing justly and democratically.
- Nigeria -- **\$31.4 million** to advance the rule of law through democracy and governance programs, promote basic education, and increase economic growth.
- Uganda -- **\$29.5 million** to support peace and security programs, basic education, and economic growth with a focus on agriculture.
- Kenya -- **\$28.3 million** for programs in democracy and governance, basic education, and economic growth.
- Mozambique -- **\$22.0 million** for economic growth, with a focus on improving agricultural productivity, and democracy and governance.
- Senegal -- **\$17.9 million** for conflict mitigation and reconciliation, basic education, and environment programs.

- Zambia -- **\$17.0 million** for programs focused primarily on basic education and economic growth.
- Burundi -- **\$17.0 million** for programs focused on good governance, strengthening civil society and improving economic growth.

### *East Asia & Pacific*

- Indonesia -- **\$61.0 million** to support a major basic education initiative, water supply and sanitation, and natural resources programs.
- Philippines -- **\$22.9 million** to support critical investments in economic growth and basic education.

### *South and Central Asia*

- Bangladesh -- **\$39.7 million** for programs focused primarily in good governance, political competition and consensus building, basic education and economic growth.
- Pakistan -- **\$18.0 million** for economic growth programs, focusing on improving private sector competitiveness.

### *Western Hemisphere*

- Bolivia -- **\$39.0 million** for programs focused on governing justly and democratically, economic growth and education.
- Honduras -- **\$16.7 million** for programs focused on good governance, trade and investment and education.

### **Technical Areas:**

- **\$215.0 million for education** programs that promote equitable access to quality basic education and strengthen public and private higher education institutions.
- **\$209.9 million for democracy and governance** programs that support free and fair elections, encourage open and competitive political and electoral processes, promote the rule of law and respect for human rights, develop civil societies, encourage anti-corruption reforms, and promote more transparent and accountable government.
- **\$162.2 million for agriculture and natural resources management** programs, including the President's Initiative to End Hunger in Africa, that reform and strengthen agricultural market systems, improve agricultural productivity, and support sustainable natural resources management.
- **\$112.2 million for environment** to support programs that address global climate change, protect biodiversity and implement the President's Initiative Against Illegal Logging through programs such as the Congo Basin Forest Partnership.

- **\$87.0 million for trade and investment** programs to promote stronger linkages between trade and development by increasing the capacity of developing countries to participate in and benefit from trade and investment.
- **\$69.1 million for private sector competitiveness** economic growth programs that work to strengthen private markets, providing economic opportunity for the rural and urban poor, and supporting access to clean energy, environmentally sound urbanization, and micro-enterprise development.

#### Statement of Changes

The FY 2008 DA budget represents a \$467.5 million strategic decrease from FY 2006 enacted levels. The reform process sought to maximize the use of account authorities in support of effective implementation of foreign assistance programs. In congruence with this principle, DA, which has the intent of supporting poor countries that demonstrate performance has been prioritized to Developing and Transforming countries with 57 percent of DA resources allocated to these categories. Economic Support Funds (ESF) focus on economic support under special economic, political, or security conditions. ESF, therefore, was prioritized to support activities for countries in the Rebuilding and Restrictive countries with 52 percent of ESF resources allocated to these categories. DA funds will be allocated on an extremely limited basis to Sustaining Partnership countries, which are characterized as states with upper-middle income.

The programs that DA has traditionally supported which focus on long-term, sustainable development progress and poverty alleviation are being funded at higher levels in FY 2008 than in FY 2006. Together, the three objectives targeted to achieving long-term development progress (Governing Justly and Democratically, Investing in People, and Economic Growth) account for 54 percent of total resources in FY 2008, compared to 51 percent in FY 2006. When MCC resources are considered, investments in these objectives increase from 51 percent in FY 2006 to 57 percent in FY 2008.

**Development Assistance (DA)**  
by Account, Program Area and Program Element

	<b>2006 CBJ Actual</b>	<b>2007 CBJ Estimate</b>	<b>2008 CBJ Request</b>
DA	1,508,760	1,508,000	1,041,248
<b>1.1 Counter-Terrorism</b>	7,092	*	15,750
1.1.2 De-Legitimize Terrorist Ideology	5,953	*	13,658
1.1.3 Governments' Capabilities	-	*	875
1.1.4 Program Support (Counter-Terrorism)	1,139	*	1,217
<b>1.3 Stabilization Operations and Security Sector Reform</b>	4,301	*	8,500
1.3.1 Operations Support	1,000	*	1,200
1.3.2 Disarmament, Demobilization & Reintegration (DDR)	3,142	*	5,180
1.3.5 Immediate Protection of Civilians in Conflict	-	*	1,900
1.3.8 Program Support (Stabilization)	159	*	220
<b>1.4 Counter-Narcotics</b>	10,936	*	-
1.4.2 Alternative Development and Alternative Livelihoods	10,800	*	-
1.4.5 Program Support (Narcotics)	136	*	-
<b>1.5 Transnational Crime</b>	6,836	*	6,000
1.5.1 Financial Crimes and Money Laundering	300	*	-
1.5.3 Trafficking-in-Persons and Migrant Smuggling	5,453	*	4,797
1.5.5 Program Support (Crime)	1,083	*	1,203
<b>1.6 Conflict Mitigation and Reconciliation</b>	18,104	*	27,860
1.6.1 Conflict Mitigation	8,150	*	15,518
1.6.2 Peace and Reconciliation Processes	4,920	*	9,528
1.6.3 Preventive Diplomacy	1,603	*	-
1.6.4 Program Support (Conflict)	3,431	*	2,814
<b>2.1 Rule of Law and Human Rights</b>	31,143	*	42,032
2.1.1 Constitutions, Laws, and Legal Systems	600	*	460
2.1.2 Judicial Independence	2,310	*	4,002
2.1.3 Justice System	15,940	*	26,000
2.1.4 Human Rights	8,517	*	7,012
2.1.5 Program Support (Rule of Law)	3,776	*	4,558
<b>2.2 Good Governance</b>	86,546	*	86,167
2.2.1 Legislative Function and Processes	8,088	*	10,420
2.2.2 Public Sector Executive Function	6,625	*	10,296
2.2.3 Local Government and Decentralization	39,759	*	34,602
2.2.4 Anti-Corruption Reforms	15,533	*	21,730
2.2.5 Governance of the Security Sector	850	*	820
2.2.6 Program Support (Governance)	15,691	*	8,299
<b>2.3 Political Competition and Consensus-Building</b>	32,623	*	30,826
2.3.1 Consensus-Building Processes	3,185	*	5,208
2.3.2 Elections and Political Processes	20,693	*	14,574

**Development Assistance (DA)**  
by Account, Program Area and Program Element

	2006 CBJ Actual	2007 CBJ Estimate	2008 CBJ Request
2.3.3 Political Parties	6,537	*	7,227
2.3.4 Program Support (Political Competition)	2,208	*	3,817
<b>2.4 Civil Society</b>	<b>51,917</b>	<b>*</b>	<b>48,972</b>
2.4.1 Civic Participation	40,529	*	36,570
2.4.2 Media Freedom and Freedom of Information	7,160	*	6,280
2.4.3 Program Support (Civil Society)	4,228	*	6,122
<b>3.1 Health</b>	<b>44,187</b>	<b>*</b>	<b>22,556</b>
3.1.1 HIV/AIDS	400	*	-
3.1.3 Malaria	187	*	-
3.1.4 Avian Influenza	120	*	-
3.1.5 Other Public Health Threats	7,832	*	6,000
3.1.6 Maternal and Child Health	250	*	-
3.1.8 Water Supply and Sanitation	35,398	*	16,556
<b>3.2 Education</b>	<b>402,938</b>	<b>*</b>	<b>215,045</b>
3.2.1 Basic Education	360,114	*	193,570
3.2.2 Higher Education	48,824	*	21,475
<b>3.3 Social and Economic Services and Protection for Vulnerable Populations</b>	<b>26,010</b>	<b>*</b>	<b>14,380</b>
3.3.1 Policies, Regulations, and Systems	500	*	3,670
3.3.2 Social Services	22,840	*	10,710
3.3.3 Social Assistance	2,670	*	-
<b>4.1 Macroeconomic Foundation for Growth</b>	<b>6,669</b>	<b>*</b>	<b>4,025</b>
4.1.1 Fiscal policy	3,575	*	1,900
4.1.2 Monetary policy	100	*	450
4.1.3 Program Support (Macro Econ)	2,994	*	1,675
<b>4.2 Trade and Investment</b>	<b>90,254</b>	<b>*</b>	<b>88,268</b>
4.2.1 Trade and Investment Enabling Environment	37,588	*	36,129
4.2.2 Trade and Investment Capacity	42,716	*	43,774
4.2.3 Program Support (Trade)	9,950	*	8,365
<b>4.3 Financial Sector</b>	<b>30,226</b>	<b>*</b>	<b>9,301</b>
4.3.1 Financial Sector Enabling Environment	5,690	*	3,478
4.3.2 Financial Services	22,002	*	4,528
4.3.3 Program Support (Financial Sector)	2,534	*	1,295
<b>4.4 Infrastructure</b>	<b>114,194</b>	<b>*</b>	<b>31,734</b>
4.4.1 Modern Energy Services	34,744	*	12,394
4.4.2 Communications Services	5,285	*	6,286
4.4.3 Transport Services	60,316	*	6,999
4.4.4 Program Support (Infrastructure)	13,849	*	6,055
<b>4.5 Agriculture</b>	<b>204,743</b>	<b>*</b>	<b>169,858</b>
4.5.1 Agricultural Enabling Environment	36,599	*	43,402
4.5.2 Agricultural Sector Productivity	147,993	*	110,123

**Development Assistance (DA)**  
by Account, Program Area and Program Element

	<b>2006 CBJ Actual</b>	<b>2007 CBJ Estimate</b>	<b>2008 CBJ Request</b>
4.5.3 Program Support (Agriculture)	20,151	*	16,333
<b>4.6 Private Sector Competitiveness</b>	<b>50,119</b>	<b>*</b>	<b>64,665</b>
4.6.1 Business Enabling Environment	13,249	*	21,552
4.6.2 Private Sector Productivity	25,624	*	27,441
4.6.3 Workforce Development	5,695	*	10,374
4.6.4 Program Support (Private Sector)	5,551	*	5,298
<b>4.7 Economic Opportunity</b>	<b>59,774</b>	<b>*</b>	<b>31,015</b>
4.7.1 Inclusive Financial Markets	12,007	*	3,993
4.7.2 Policy Environment for Micro and Small Enterprises	2,032	*	3,466
4.7.3 Strengthen Microenterprise Productivity	29,731	*	12,449
4.7.4 Inclusive Economic Law and Property Rights	5,991	*	4,863
4.7.5 Program Support (Econ Opportunity)	10,013	*	6,244
<b>4.8 Environment</b>	<b>198,986</b>	<b>*</b>	<b>111,174</b>
4.8.1 Natural Resources and Biodiversity	156,503	*	81,561
4.8.2 Clean Productive Environment	14,778	*	10,203
4.8.3 Program Support (Environment)	27,698	*	19,410
<b>5.1 Protection, Assistance and Solutions</b>	<b>4,991</b>	<b>*</b>	<b>5,970</b>
5.1.2 Crisis Assistance and Recovery	1,920	*	2,108
5.1.3 Program Support (Protection)	3,071	*	3,862
<b>5.2 Disaster Readiness</b>	<b>19,821</b>	<b>*</b>	<b>7,150</b>
5.2.1 Capacity Building, Preparedness, and Planning	18,510	*	6,930
5.2.2 Mitigation	940	*	90
5.2.3 Program Support (Disaster Readiness)	371	*	130

**Development Assistance**  
by Country

	<b>2006 CBJ Actual</b>	<b>2007 CBJ Estimate</b>	<b>2008 CBJ Request</b>
DA	1,508,760	1,508,000	1,041,248
Afghanistan	174,021	*	-
Angola	5,468	*	12,750
Bangladesh	10,889	*	39,650
Belize	-	*	200
Benin	4,378	*	2,724
Bolivia	10,091	*	39,000
Brazil	2,899	*	-
Burma	-	*	800

**Development Assistance**  
by Country

	2006 CBJ Actual	2007 CBJ Estimate	2008 CBJ Request
Burundi	2,917	*	17,000
Cambodia	5,483	*	1,056
Chad	-	*	200
China	4,950	*	-
Cuba	1,984	*	-
Democratic Republic of the Congo	21,447	*	6,000
Djibouti	-	*	2,000
Dominican Republic	7,835	*	11,100
Ecuador	6,578	*	7,010
El Salvador	24,165	*	11,475
Ethiopia	31,910	*	39,815
Georgia	100	*	-
Ghana	27,354	*	14,700
Guatemala	10,504	*	7,500
Guinea	9,140	*	5,543
Guinea-Bissau	-	*	600
Guyana	3,920	*	4,305
Haiti	29,700	*	14,806
Honduras	20,604	*	16,731
India	19,700	*	900
Indonesia	33,199	*	60,950
Jamaica	7,821	*	7,391
Kenya	21,615	*	28,300
Lebanon	2,000	*	-
Liberia	23,726	*	-
Madagascar	10,266	*	6,600
Malawi	18,632	*	13,600
Mali	15,349	*	12,985
Mauritania	-	*	1,520
Mauritius	-	*	190
Mexico	11,357	*	-
Morocco	8,284	*	6,000
Mozambique	13,407	*	21,985
Namibia	7,079	*	3,025
Nepal	8,393	*	4,000
Nicaragua	22,169	*	13,700
Niger	-	*	3,405
Nigeria	12,488	*	31,400
Pakistan	26,990	*	18,000
Panama	200	*	-



**Development Assistance**  
by Country

	2006 CBJ Actual	2007 CBJ Estimate	2008 CBJ Request
Paraguay	4,385	*	4,700
Peru	9,369	*	11,224
Philippines	24,212	*	22,900
Rwanda	7,257	*	7,100
Senegal	25,909	*	17,900
Sierra Leone	3,756	*	4,000
Somalia	7,912	*	9,000
South Africa	25,662	*	3,000
Sri Lanka	3,705	*	4,000
Sudan	70,000	*	-
Suriname	-	*	200
Tanzania	12,617	*	12,950
Togo	-	*	120
Uganda	23,414	*	29,500
Venezuela	-	*	3,000
Vietnam	3,818	*	-
Zambia	27,972	*	17,023
Zimbabwe	3,601	*	3,000
Democracy, Conflict, and Humanitarian Assistance (DCHA)	107,564	*	62,050
Economic Growth, Agriculture and Trade	165,998	*	104,300
Global Development Alliances	11,880	*	7,500
Legislative & Public Affairs	1,801	*	-
Policy and Program Coordination	6,873	*	-
Africa Regional	68,949	*	91,450
Asia and Near East Regional	11,268	*	7,395
Caribbean Regional	4,891	*	4,310
Central Africa Regional	17,500	*	11,300
Central America Regional	10,665	*	6,700
East Africa Regional	20,299	*	18,560
Latin America and Caribbean Regional	71,738	*	32,200
RDM-Asia	14,058	*	11,550
South America Regional	1,485	*	1,500
South Asia Regional	4,941	*	2,700
Southern Africa Regional	16,799	*	12,600
West Africa Regional	39,450	*	28,600

## Development Credit Authority

(\$ in thousands)	FY 2006 Actual	FY 2007 Estimate	FY 2008 Request
Development Credit Authority – Administrative Expenses	7,920	3,469	7,400
Development Credit Authority – Transfer Authority	21,000	-	21,000

The FY 2008 request includes **\$21 million** in transfer authority to provide loan guarantees in all regions and sectors. The Development Credit Authority (DCA) uses credit to leverage private capital in host countries for critical development interventions.

Up to \$5 million of this transfer authority will support the Africa Housing and Infrastructure Facility (AHIF). This innovative credit facility will use DCA transfer authority to support the subsidy cost of partial guarantees for private sector financing of water, infrastructure, and housing projects in Africa. The AHIF will also be used to support the Presidential Water for the Poor Initiative. In addition, USAID will use up to \$1 million in AHIF transfers to fund project development costs.

The request also includes \$7.4 million for credit administrative costs. In accordance with the Federal Credit Reform Act of 1990, this will fund the total cost of development, implementation, and financial management of the DCA program, as well as the continued administration of the Agency’s legacy credit portfolios which amount to more than \$22 billion.

The sound management and equitable access to water, forest, coast and biological resources is essential to sustainable economic development and a healthy environment. Recognizing this, the USG has endeavored to implement strategies that reflect the intrinsic linkages connecting healthy ecosystems to sustainable economies, good governance, and equitable and just societies. As a demand-driven initiative, committed to developing and partnering with the indigenous private sector, the DCA is uniquely able to promote the kinds of partnerships that enhance the sustainability of water and environmental interventions. In FY 2008, therefore, DCA intends to focus on projects related to water infrastructure and the environment in order to demonstrate the viability of transformational investing in these critical areas.

## Economic Support Fund

(\$ in thousands)	FY 2006 Actual	FY 2007 Estimate	FY 2008 Request
Economic Support Fund	2,616,075	2,603,540	3,319,567

The President requests **\$3.32 billion** for the Economic Support Fund (ESF). Part II, Chapter 4, section 531 of the Foreign Assistance Act (FAA) recognizes that under special economic, political, or security conditions, the national interests of the U.S. may require economic support for countries in amounts that could not be justified under Development Assistance (DA). The FAA authorizes the President to “furnish assistance to countries and organizations, on such terms and conditions as he may determine, in order to promote economic or political stability.”

Rebuilding and Developing countries require ESF resources to create the stable environment necessary for the country to address the needs of its people and contribute productively to the international community. ESF focus on economic support under special economic, political, or security conditions. ESF, therefore, was prioritized to support activities for countries in the Rebuilding, Developing and Restrictive categories, even when some of those are development activities. ESF funds are highly concentrated in these categories at 89 percent. Among other priorities, programs funded with ESF resources provide assistance to allies in the global war on terror, help countries provide basic education and health services to their populations, aid countries in their transition to democracy, support the Middle East peace process, and finance economic stabilization programs.

### ESF funding snapshot

***Sub-Saharan Africa*** -- **\$374.3 million** for programs that support reconstruction, recovery and economic growth in key African countries.

- Sudan -- **\$245.9 million** to support implementation of the Comprehensive Peace Agreement and ensure a full transition to a just peace. A portion will support the resolution of conflict in Darfur and eastern Sudan and the implementation of the Darfur Peace Agreement.
- Liberia -- **\$73.5 million** for a broad range of programs supporting the recovery from years of civil unrest.
- Democratic Republic of the Congo -- **\$29.0 million** to support the development of the DRC’s nascent democratic institutions following the successful Presidential elections held in 2006.

***East Asia and the Pacific*** -- **\$152.7 million** to strengthen democracy and economic development in the region.

- Indonesia -- **\$60.0 million** for peace and reconciliation efforts in Aceh and Papua, democracy and governance and trade and investment.

- Philippines -- **\$26.0 million** for conflict mitigation activities in Mindanao and strengthening democratic and economic institutions.
- State EAP Regional -- **\$25.8 million** for commitments under the South Pacific Fisheries Treaty and a variety of additional regional programs that reinforce U.S. relations with the EAP region.

***Europe and Eurasia*** -- **\$12.9 million** for programs that promote peace and reconciliation and contribute to the stability of the region.

- Cyprus -- **\$11.0 million** to support the peace process and eventual reunification of the island. Funding will also support activities to strengthen the Turkish Cypriot economy and economic integration of the island.

***Near East*** -- **\$1.26 billion** to encourage democratic reform and political institution building in the Middle East and to target the economic despair and lack of opportunity exploited by extremists.

- Egypt -- **\$415.0 million** to support important reforms in economic growth and governance, the justice sector, civil society and independent media, maternal and child health, and basic and higher education.
- Iraq -- **\$298.0 million** to stabilize strategic Iraqi cities through rehabilitation of community infrastructure, job training and vocational education, youth programs, and micro-loans. In addition, the U.S. seeks to improve local and provincial governance through projects directed by Provincial Reconstruction Teams, while continuing governance reforms at the national level.
- Jordan -- **\$263.5 million** to provide budget support to the Jordanian government and to support democratization, accessibility of education and health care, and judicial reform.
- Iran -- **\$75.0 million** to support the aspirations of the Iranian people for a democratic and open society by promoting civil society, civic participation, media freedom and freedom of information.
- The Middle East Partnership Initiative (MEPI) -- **\$75.0 million** to sustain the momentum for democratic reform in the Middle East by encouraging political, economic and educational change and the empowerment of women.
- West Bank and Gaza -- **\$63.5 million** to promote good governance, bolster the justice system, foster the growth of political parties, support local government and investments in public health, basic education and micro-enterprise.
- Lebanon -- **\$42.1 million** to support Lebanon's democratic traditions by establishing credible, transparent governing institutions, fostering human rights, supporting civil society organizations, and improving educational and economic opportunities among the Lebanese people. Certain funds will be targeted to securing Lebanon's water resources, reducing the ability of Hizbollah to make water an issue that divides the populace and erodes support for the current Government.

- Morocco -- **\$15.5 million** to support good governance, civil society and political competition. Funds will also provide functional literacy training for women, skills training for increased employability and promotion of foreign direct investment.

**South Asia -- \$1.08 billion** for economic reconstruction and development, earthquake reconstruction, demobilization, democracy building, education, training, and public diplomacy programs.

- Afghanistan -- **\$693.0 million** focusing on funding of roads and other critical infrastructure, such as power generation and transmission, particularly in the South and East; alternative livelihoods support in rural areas to reduce poppy cultivation; Provincial Reconstruction Team projects to extend reconstruction into difficult areas; and capacity-building of the central government to deliver basic services, pay salaries and extend its authority to the provinces. Funds will also support critical economic development activities in the border area with Pakistan.
- Pakistan -- **\$382.9 million**, including budget support, to be monitored by the Shared Objectives Process and for social sector programs such as education reform, expansion of basic health services for women and children, accountable and participatory democratic governance, and expansion of economic opportunities. The funds will also help invigorate Pakistan's new Federally Administered Tribal Areas Sustainable Development Plan to assure basic human services are on par with the rest of the country to minimize the appeal of joining the insurgency. \$50 million supports the U.S. pledge for earthquake reconstruction projects.

**Western Hemisphere -- \$363.7 million** to bolster security, strengthen democratic institutions, promote prosperity and invest in people.

- Colombia -- **\$139.5 million** in alternative development to help Colombia consolidate and extend improvements in its democratic institutions, promote respect for human rights and the rule of law, foster socio-economic development, address humanitarian needs, and counter threats to democracy posed by narcotics trafficking and terrorism.
- Haiti -- **\$63.4 million** for key support to the new government, the Haitian National Police, justice system reform, anti-corruption efforts, trafficking in persons and the protection of human rights.
- Cuba -- **\$45.7 million** to further implement program recommendations from the Committee to Assist a Free Cuba II, including strengthening civil society.
- Peru -- **\$30.0 million** to support alternative development. Funds will also finance training and technical assistance for regional and local governments and community organizations in seven states (the coca source zone).
- Western Hemisphere Regional -- **\$28.2 million** for trade capacity building congruent with implementation of CAFTA, for Third Border Initiative to improve the secure flow of people, goods, and services from and within the Caribbean, and support for Summit of the Americas deliverables.
- Bolivia -- **\$17.0 million** to support alternative development that will help reinforce democratic stability.

### ***ESF Global Programs -- \$76.0 million***

- Asia-Pacific Partnership on Clean Development and Climate -- **\$26.0 million** to support and promote clean development, enhance energy security, catalyze economic growth, and address climate change.
- Human Rights and Democracy Fund -- **\$35.0 million** for programs that promote democratic reform and result in greater political pluralism and respect for fundamental freedoms; promote the protection and enforcement of legal rights and an independent judiciary; increase popular participation in government; and develop civil society in China.
- Oceans, Environment and Science Partnerships -- **\$8.3 million** to promote cooperation and build global capacity for sound stewardship of environmental and natural resources in concert with global economic growth and social development.
- Trafficking in Persons -- **\$6.7 million** to promote the rule of law, in particular to help draft legislation, train law enforcement, and encourage governments to develop or expand comprehensive assistance to victims. FY 2008 funds will support anti-trafficking efforts in new Tier 3 and Tier 2 countries identified in the 2007 and 2008 Trafficking in Persons Reports.

### **Statement of Changes**

Funding for ESF has increased by 27 percent over the FY 2006 level of \$2.6 billion. This increase represents the strategic shift to prioritize ESF in Rebuilding and Restrictive countries with 52 percent of ESF resources allocated to these categories. This also reflects a shift of \$192.5 million in alternative development programs formerly requested in the ACI account. This shift does not mean that activities formerly funded with DA will be discontinued. To the contrary, funding in the three objectives traditionally funded with DA, Governing Justly and Democratically, Investing in People, and Economic Growth, receive a *net* gain of \$108 million when DA decreases in these objectives are considered. Together, the three objectives targeted to achieving long-term development progress (Governing Justly and Democratically, Investing in People, and Economic Growth) account for 54 percent of total resources in FY 2008, compared to 51 percent in FY 2006. When MCC resources are considered, investments in these objectives increase from 51 percent in FY 2006 to 57 percent in FY 2008.

The reform process sought to maximize the use of account authorities in support of effective implementation of foreign assistance programs. In congruence with this principle, DA was prioritized to Developing and Transforming countries (at 57 percent), with the goal of directing DA to poor countries demonstrating performance. ESF is focused on economic support under special economic, political, or security conditions. ESF, therefore, was prioritized to support activities for countries in the Rebuilding, Developing and Restrictive categories, even when some of those are development activities.

**Economic Support Fund**  
by Account, Program Area and Program Element

	2006 CBJ Actual	2007 CBJ Estimate	2008 CBJ Request
ESF	2,616,075	2,603,540	3,319,567
<b>1.1 Counter-Terrorism</b>	3,815	*	3,440
1.1.2 De-Legitimize Terrorist Ideology	650	*	2,700
1.1.3 Governments' Capabilities	3,165	*	500
1.1.4 Program Support (Counter-Terrorism)	-	*	240
<b>1.2 Combating Weapons of Mass Destruction (WMD)</b>	100	*	-
1.2.1 Counter WMD Proliferation and Combat WMD Terrorism	100	*	-
<b>1.3 Stabilization Operations and Security Sector Reform</b>	110,438	*	82,736
1.3.1 Operations Support	-	*	61,500
1.3.2 Disarmament, Demobilization & Reintegration (DDR)	5,156	*	10,442
1.3.6 Defense, Military, and Border Restructuring, Reform and Operations	91,635	*	1,750
1.3.7 Law Enforcement Restructuring, Reform and Operations	12,550	*	8,394
1.3.8 Program Support (Stabilization)	1,097	*	650
<b>1.4 Counter-Narcotics</b>	110,500	*	244,387
1.4.2 Alternative Development and Alternative Livelihoods	109,088	*	236,304
1.4.3 Interdiction	-	*	75
1.4.5 Program Support (Narcotics)	1,412	*	8,008
<b>1.5 Transnational Crime</b>	20,750	*	11,248
1.5.1 Financial Crimes and Money Laundering	6,312	*	1,650
1.5.2 Intellectual Property Theft, Corporate Espionage, and Cyber Security	350	*	350
1.5.3 Trafficking-in-Persons and Migrant Smuggling	13,798	*	8,933
1.5.5 Program Support (Crime)	290	*	315
<b>1.6 Conflict Mitigation and Reconciliation</b>	102,156	*	102,033
1.6.1 Conflict Mitigation	26,556	*	52,297
1.6.2 Peace and Reconciliation Processes	67,030	*	33,250
1.6.3 Preventive Diplomacy	4,950	*	3,360
1.6.4 Program Support (Conflict)	3,620	*	13,126
<b>2.1 Rule of Law and Human Rights</b>	102,161	*	126,904
2.1.1 Constitutions, Laws, and Legal Systems	21,264	*	4,235
2.1.2 Judicial Independence	3,617	*	10,835
2.1.3 Justice System	39,978	*	61,430
2.1.4 Human Rights	34,346	*	45,631
2.1.5 Program Support (Rule of Law)	2,956	*	4,773
<b>2.2 Good Governance</b>	183,599	*	339,241
2.2.1 Legislative Function and Processes	45,201	*	42,522
2.2.2 Public Sector Executive Function	65,337	*	143,495
2.2.3 Local Government and Decentralization	52,594	*	105,581
2.2.4 Anti-Corruption Reforms	13,837	*	25,497
2.2.5 Governance of the Security Sector	100	*	1,500
2.2.6 Program Support (Governance)	6,530	*	20,646

**Economic Support Fund**  
by Account, Program Area and Program Element

	2006 CBJ Actual	2007 CBJ Estimate	2008 CBJ Request
<b>2.3 Political Competition and Consensus-Building</b>	117,223	*	119,494
2.3.1 Consensus-Building Processes	17,257	*	13,070
2.3.2 Elections and Political Processes	74,067	*	53,897
2.3.3 Political Parties	22,521	*	49,697
2.3.4 Program Support (Political Competition)	3,378	*	2,830
<b>2.4 Civil Society</b>	122,428	*	229,487
2.4.1 Civic Participation	101,645	*	153,418
2.4.2 Media Freedom and Freedom of Information	17,235	*	71,270
2.4.3 Program Support (Civil Society)	3,548	*	4,799
<b>3.1 Health</b>	158,487	*	134,935
3.1.1 HIV/AIDS	4,403	*	6,000
3.1.2 Tuberculosis	225	*	500
3.1.3 Malaria	1,650	*	2,500
3.1.4 Avian Influenza	2,182	*	-
3.1.5 Other Public Health Threats	29,454	*	59,356
3.1.6 Maternal and Child Health	81,353	*	20,698
3.1.7 Family Planning and Reproductive Health	17,462	*	14,250
3.1.8 Water Supply and Sanitation	21,758	*	31,631
<b>3.2 Education</b>	235,497	*	420,934
3.2.1 Basic Education	122,986	*	304,701
3.2.2 Higher Education	112,511	*	116,233
<b>3.3 Social and Economic Services and Protection for Vulnerable Populations</b>	14,646	*	41,975
3.3.1 Policies, Regulations, and Systems	125	*	-
3.3.2 Social Services	13,171	*	5,750
3.3.3 Social Assistance	1,350	*	36,225
<b>4.1 Macroeconomic Foundation for Growth</b>	377,748	*	352,406
4.1.1 Fiscal policy	226,262	*	256,336
4.1.2 Monetary policy	151,436	*	96,000
4.1.3 Program Support (Macro Econ)	50	*	70
<b>4.2 Trade and Investment</b>	285,349	*	129,209
4.2.1 Trade and Investment Enabling Environment	265,730	*	103,038
4.2.2 Trade and Investment Capacity	18,695	*	23,366
4.2.3 Program Support (Trade)	924	*	2,805
<b>4.3 Financial Sector</b>	216,539	*	45,350
4.3.1 Financial Sector Enabling Environment	165,620	*	15,040
4.3.2 Financial Services	49,600	*	28,853
4.3.3 Program Support (Financial Sector)	1,319	*	1,457
<b>4.4 Infrastructure</b>	256,410	*	370,555
4.4.1 Modern Energy Services	43,958	*	157,985
4.4.2 Communications Services	6,714	*	1,000



**Economic Support Fund**  
by Account, Program Area and Program Element

	2006 CBJ Actual	2007 CBJ Estimate	2008 CBJ Request
4.4.3 Transport Services	202,764	*	206,062
4.4.4 Program Support (Infrastructure)	2,974	*	5,508
<b>4.5 Agriculture</b>	29,295	*	149,674
4.5.1 Agricultural Enabling Environment	3,662	*	57,450
4.5.2 Agricultural Sector Productivity	24,844	*	87,209
4.5.3 Program Support (Agriculture)	789	*	5,015
<b>4.6 Private Sector Competitiveness</b>	81,052	*	187,020
4.6.1 Business Enabling Environment	24,163	*	79,916
4.6.2 Private Sector Productivity	40,775	*	61,791
4.6.3 Workforce Development	13,208	*	38,643
4.6.4 Program Support (Private Sector)	2,906	*	6,670
<b>4.7 Economic Opportunity</b>	22,532	*	56,685
4.7.1 Inclusive Financial Markets	6,200	*	21,930
4.7.2 Policy Environment for Micro and Small Enterprises	4,000	*	4,694
4.7.3 Strengthen Microenterprise Productivity	8,612	*	27,247
4.7.4 Inclusive Economic Law and Property Rights	3,000	*	720
4.7.5 Program Support (Econ Opportunity)	720	*	2,094
<b>4.8 Environment</b>	42,928	*	93,164
4.8.1 Natural Resources and Biodiversity	20,295	*	26,746
4.8.2 Clean Productive Environment	22,283	*	64,560
4.8.3 Program Support (Environment)	350	*	1,858
<b>5.1 Protection, Assistance and Solutions</b>	20,762	*	76,790
5.1.2 Crisis Assistance and Recovery	20,497	*	70,844
5.1.3 Program Support (Protection)	265	*	5,946
<b>5.2 Disaster Readiness</b>	1,360	*	1,900
5.2.1 Capacity Building, Preparedness, and Planning	1,360	*	1,790
5.2.3 Program Support (Disaster Readiness)	-	*	110
<b>5.3 Migration Management</b>	300	*	-
5.3.2 Institutional Support and Capacity-building	300	*	-

**Economic Support Fund**  
by Country

	2006 CBJ Actual	2007 CBJ Estimate	2008 CBJ Request
<b>TOTAL</b>	2,616,075	2,603,540	3,319,567
<b>ESF</b>	2,616,075	2,603,540	3,319,567
Afghanistan	428,600	*	693,000
Algeria	-	*	1,165
Angola	2,970	*	-
Bahrain	-	*	1,100

## Economic Support Fund by Country

	2006 CBJ Actual	2007 CBJ Estimate	2008 CBJ Request
Bangladesh	4,950	*	-
Bolivia	5,940	*	17,000
Burma	10,890	*	2,790
Burundi	3,811	*	-
Cambodia	14,850	*	12,170
China	3,960	*	2,000
Colombia	-	*	139,500
Cuba	8,910	*	45,700
Cyprus	19,800	*	11,000
Democratic Republic of the Congo	4,950	*	29,000
Djibouti	4,950	*	-
Dominican Republic	840	*	10,000
East Timor	18,810	*	8,640
Ecuador	3,265	*	6,000
Egypt	490,050	*	415,000
Ethiopia	9,900	*	5,000
Guatemala	5,445	*	10,000
Haiti	49,500	*	63,394
India	4,950	*	-
Indonesia	69,300	*	60,000
Iran	-	*	75,000
Iraq	55,440	*	298,000
Ireland	16,830	*	1,000
Israel	237,600	*	-
Jordan	247,500	*	263,547
Kenya	6,420	*	-
Kuwait	-	*	470
Laos	-	*	470
Lebanon	39,600	*	42,100
Liberia	42,719	*	73,545
Libya	-	*	500
Mexico	11,385	*	14,000
Mongolia	7,425	*	6,200
Morocco	10,890	*	15,500
Nepal	4,950	*	-
Nicaragua	3,366	*	-
Nigeria	4,950	*	-
North Korea	-	*	2,000
Pakistan	296,595	*	382,900
Panama	990	*	-

## Economic Support Fund by Country

	2006 CBJ Actual	2007 CBJ Estimate	2008 CBJ Request
Paraguay	1,980	*	-
Peru	2,765	*	30,000
Philippines	24,750	*	25,996
Sierra Leone	13,000	*	-
South Africa	1,287	*	10,000
Sri Lanka	3,960	*	-
Sudan	19,800	*	245,900
Taiwan	-	*	200
Tanzania	-	*	3,600
Thailand	990	*	-
Tunisia	-	*	200
Turkey	-	*	850
Vietnam	1,980	*	5,700
West Bank and Gaza	148,500	*	63,500
Yemen	7,920	*	8,450
Zimbabwe	2,970	*	-
Democracy, Conflict, and Humanitarian Assistance (DCHA)	17,649	*	-
Democracy, Human Rights, and Labor	-	*	35,000
Economic Growth, Agriculture and Trade	2,970	*	-
Oceans and International Environment and Scientific Affairs	7,920	*	34,300
Africa Regional	15,408	*	7,250
East Asia and Pacific Regional	28,710	*	25,760
Near East Regional	113,850	*	75,000
South and Central Asia Regional	3,465	*	720
Western Hemisphere Regional	26,070	*	28,150
Trafficking in Persons	11,880	*	6,700
Asia and Near East Regional	-	*	800
Middle East Regional	-	*	3,800
Wheelchair Fund (PRM)	4,950	*	-

## Foreign Military Financing

(\$ in thousands)	FY 2006 Actual	FY 2007 Estimate	FY 2008 Request
Foreign Military Financing	4,464,900	4,454,900	4,536,000

The Administration requests **\$4.54 billion** for Foreign Military Financing (FMF) in FY 2008 to provide articles and services to support coalition partners and states critical to the Global War on Terror. This program serves to strengthen the security of the United States and to promote peace in general. FMF is allocated strategically within regions with the largest proportion (54%) directed to our sustaining partners and a significant proportion (41%) to developing countries to support their advancement to the transforming category.

### FMF funding snapshot

- **\$3.9 billion** for the Near East region, to include **\$2.4 billion** for Israel; **\$1.3 billion** for Egypt to foster a modern, well-trained Egyptian military; and **\$200 million** to support Jordan's force modernization, border surveillance and counterterrorism efforts.
- **\$300.0 million** to support the armed forces of Pakistan, to include equipment and training to enhance its counterterrorism capabilities and provide for its defense needs.
- **\$129.3 million** for ongoing efforts to incorporate the most recent NATO members into the Alliance, support prospective NATO members and coalition partners, and assist critical coalition partners in Iraq and Afghanistan.
- **\$78.0 million** for operational support and specialized equipment to the Colombian armed forces, focusing on specialized and mobile units of the Colombian Army.
- **\$43.5 million** for FMF administrative costs.
- **\$27.2 million** for Poland to maximize Poland's capability to deploy and sustain professional forces in close support of U.S. security operations.
- **\$18.4 million** for Romania to assistance in the continued integration into NATO, expand its capabilities, and support continued contributions to NATO and coalition operations, including in Iraq and Afghanistan.
- **\$15.7 million** for Indonesia to promote defense reform and to improve maritime security, counterterrorism, mobility, and disaster relief capabilities.

### Statement of Changes

The FY 2008 FMF request is overall a slight increase from FY 2006 levels. The increases are reflected in Israel, Egypt, Lebanon, Bulgaria, Romania, and Indonesia, and are consistent with requesting the funds necessary to fight the Global War on Terror and to secure Middle East peace.

**Foreign Military Financing**  
by Account, Program Area and Program Element

	2006 CBJ Actual	2007 CBJ Estimate	2008 CBJ Request
FMF	4,464,900	4,454,900	4,536,000
1.1 Counter-Terrorism	50	*	-
1.1.3 Governments' Capabilities	50	*	-
1.3 Stabilization Operations and Security Sector Reform	4,464,850	*	4,536,000
1.3.1 Operations Support	244,627	*	231,990
1.3.5 Immediate Protection of Civilians in Conflict	1,232	*	10
1.3.6 Defense, Military, and Border Restructuring, Reform and Operations	4,177,787	*	4,262,049
1.3.8 Program Support (Stabilization)	41,204	*	41,951

**Foreign Military Financing**  
by Country

	2006 CBJ Actual	2007 CBJ Estimate	2008 CBJ Request
FMF	4,464,900	4,454,900	4,536,000
Albania	3,465	*	2,600
Argentina	-	*	-
Armenia	3,960	*	3,000
Azerbaijan	3,960	*	4,300
Bahamas	99	*	-
Bahrain	15,593	*	4,300
Bangladesh	990	*	875
Belize	198	*	-
Bosnia and Herzegovina	8,910	*	7,800
Bulgaria	9,900	*	13,200
Cambodia	990	*	200
Chile	592	*	-
Colombia	89,100	*	78,000
Czech Republic	3,957	*	3,000
Democratic Republic of the Congo	-	*	600
Djibouti	3,960	*	3,200
Dominican Republic	941	*	-
East Timor	990	*	-
Eastern Caribbean	905	*	-
Egypt	1,287,000	*	1,300,000
El Salvador	9,900	*	4,800
Estonia	4,451	*	3,000
Ethiopia	1,980	*	850
Fiji	494	*	110
Georgia	11,880	*	10,000

## Foreign Military Financing by Country

	2006 CBJ Actual	2007 CBJ Estimate	2008 CBJ Request
Ghana	495	*	300
Guinea	-	*	200
Guyana	99	*	-
Haiti	988	*	-
Honduras	891	*	-
Hungary	2,474	*	2,000
Indonesia	990	*	15,700
Israel	2,257,200	*	2,400,000
Jamaica	594	*	-
Jordan	207,900	*	200,000
Kazakhstan	3,465	*	2,000
Kenya	-	*	800
Kyrgyz Republic	1,881	*	1,500
Latvia	5,940	*	3,000
Lebanon	3,713	*	9,600
Liberia	1,980	*	1,000
Lithuania	4,455	*	3,000
Macedonia	3,960	*	4,500
Madagascar	-	*	100
Moldova	495	*	-
Mongolia	2,970	*	1,000
Morocco	12,375	*	3,655
Mozambique	-	*	200
Nicaragua	594	*	-
Nigeria	990	*	1,350
Oman	13,860	*	10,105
Pakistan	297,000	*	300,000
Panama	990	*	-
Peru	-	*	-
Philippines	29,700	*	11,100
Poland	29,700	*	27,200
Romania	12,870	*	18,400
Senegal	495	*	-
Slovakia	3,960	*	3,000
Slovenia	494	*	500
South Africa	-	*	100
Sri Lanka	990	*	850
Sudan	-	*	100
Suriname	99	*	-
Tajikistan	495	*	675

## Foreign Military Financing by Country

	2006 CBJ Actual	2007 CBJ Estimate	2008 CBJ Request
Thailand	1,485	*	500
Tonga	248	*	200
Tunisia	8,413	*	2,064
Turkey	14,850	*	11,825
Turkmenistan	297	*	-
Ukraine	10,890	*	9,000
Yemen	8,415	*	4,676
Africa Regional	3,960	*	-
East Asia and Pacific Regional	-	*	2,465
Western Hemisphere Regional	3,960	*	-
Africa Military Health Affairs	1,980	*	1,600
FMF Admin Costs - DSCA	41,085	*	41,900

## President's Emergency Plan for AIDS Relief

(\$ in thousands)

Account	FY 2006 Actual	FY 2007 Estimate	FY 2008 Request
PEPFAR	3,289,637	3,137,768	5,380,396

The vision of the Emergency Plan, laid out by the President in the five-year U.S. Global HIV/AIDS Strategy, is to turn the tide against this global pandemic. The Emergency Plan was envisioned to target \$10 billion in funding to dramatically ramp up prevention, treatment, and care services in 15 of the most affected countries of the world, representing approximately 50 percent of HIV infections worldwide. The Emergency Plan also pledged to devote \$4 billion to ongoing bilateral programs and other activities (including research and TB programs), and \$1 billion to the Global Fund to Fight AIDS, Tuberculosis and Malaria (the "Global Fund"). To achieve this vision, the Emergency Plan focuses significant resources to bring to scale national HIV prevention, treatment and care programs in some of the most afflicted countries in Africa, the Caribbean, and South East Asia – the fifteen focus countries of the Emergency Plan.

There are three specific goals for the Emergency Plan:

- Support treatment for **two** million HIV-infected individuals;
- Support prevention of **seven** million new HIV infections; and
- Support care for **ten** million people infected or affected by HIV/AIDS, including orphans and vulnerable children (OVC).

In addition, to amplify the global response, the Emergency Plan is:

- Encouraging bold leadership at every level to fight HIV/AIDS;
- Applying best practices to all USG bilateral HIV/AIDS programs, in concert with host governments' HIV/AIDS strategies; and
- Encouraging partners, including multilateral organizations and other governments, to coordinate at all levels for effective and efficient use of resources, and to adhere to principles of sound management and accountability.



<b>President's Emergency Plan for AIDS Relief</b> (\$ in thousands)			
	FY 2006	FY 2007	FY 2008
	Actual	Estimated	Request
<b>Department of State and USAID</b>	<b>2,689,830</b>	<b>2,545,545</b>	<b>4,586,173</b>
Global HIV/AIDS Initiative	1,777,050	1,645,525	4,150,000
Foreign Military Financing	1,980	1,520	0
Child Survival HIV/AIDS	346,500	334,000	314,278
Child Survival TB	79,200	79,000	79,420
Other Accounts (including ESF, FSA, AEEB)	39,600	40,000	42,475
Global Fund to fight AIDS, Tuberculosis and Malaria	445,500	445,500	0
Child Survival Account Contribution	[247,500]	[247,500]	[0]
GHAI Account Contribution	[198,000]	[198,000]	[0]
<b>Department of Health and Human Services</b>	<b>594,560</b>	<b>592,223</b>	<b>794,223</b>
CDC Global AIDS Program	122,560	121,223	121,223
NIH HIV/AIDS Research	373,000	372,000	373,000
NIH Global Fund Contribution	99,000	99,000	300,000
<b>Department of Defense</b>	<b>5,247</b>	<b>0</b>	<b>0</b>
<b>Total, President's Emergency Plan for AIDS Relief</b>	<b>3,289,637</b>	<b>3,137,768</b>	<b>5,380,396</b>

### **Fifteen Focus Countries**

For fiscal year 2008, the Administration is requesting a total of \$4.132 billion - \$4.073 billion GHAI and \$59.295 million through the Department of Health and Human Services (HHS) - for the 15 focus countries: Botswana, Cote d'Ivoire, Ethiopia, Guyana, Haiti, Kenya, Mozambique, Namibia, Nigeria, Rwanda, South Africa, Tanzania, Uganda, Vietnam and Zambia. These funds will finance individual focus country budgets and central programs that carry out activities in the focus countries; strategic information and evaluation activities; and central technical oversight and management.

The Emergency Plan also continues to pursue management improvements that ensure the quality of data that we collect, remedy supply chain problems, extend our ability to track expenditures by

country, enhance the adjustment of country and activity budgets based on performance, expand the Coordinator's oversight of bilateral programs outside of the focus countries, and reduce the amount of time that field staff dedicate to reporting.

The Emergency Plan focus country budgets are designed to comply with the congressionally mandated FISCAL YEARS 2006-2008 funding allocation percentages contained in Section 403 of the United States Leadership Against HIV/AIDS, Tuberculosis and Malaria Act of 2003 (P.L. 108-25), namely that:

- **55%** shall be expended for therapeutic medical care for people living with HIV;
- **10%** shall be expended for orphans and other vulnerable children affected by HIV/AIDS; and
- **33%** of all funds expended for prevention shall be for abstinence-until-marriage programs.

### **Other Bilateral Programs**

During FY 2008 the Office of the Global AIDS Coordinator will continue to strengthen USG bilateral HIV/AIDS programs beyond the 15 focus countries by working across these programs to improve HIV/AIDS leadership, coordination, collaboration, and adherence to best practices worldwide. The Emergency Plan offers a fresh opportunity to develop and implement consistent HIV/AIDS policies and programs across bilateral prevention, care, and treatment initiatives and to harmonize and standardize reporting. A total of \$472 million is requested for other bilateral programs, including \$50 million within GHAI, \$314 million within CSH, \$43 million within other foreign assistance accounts, and \$65 million within the Health and Human Services (HHS)/Centers for Disease Control and Prevention (CDC)'s Global AIDS Program.

### **International Partners, including the Global Fund to Fight AIDS, Tuberculosis and Malaria**

The contributions of multilateral institutions and international organizations to combating HIV/AIDS provide a vital opportunity for a comprehensive response to the disease. The diverse drivers and consequences of HIV/AIDS, as well as its complex interactions with a variety of other social, political, and economic circumstances demand leadership from diverse international partners with varied expertise. The U.S. Government will strengthen its relationships with multilateral institutions and international organizations such as the World Health Organization (WHO), the Joint United Nations Program on HIV/AIDS (UNAIDS), the United Nation Children's Fund (UNICEF), and the World Bank, in order to amplify global action against HIV/AIDS by encouraging coordination and seeking to leverage comparative strengths to fill gaps in current activities and ensure efficient and effective use of funds.

As part of the Emergency Plan, the Administration requests a total of \$300 million within the HHS National Institutes of Health (NIH) budget for a contribution to the Global Fund, and \$27 million within the GHAI account for a contribution to UNAIDS.

### **HIV/AIDS Research and Tuberculosis (TB) Activities**

The FISCAL YEAR 2008 Emergency Plan budget request maintains support for biomedical and behavioral research to combat HIV/AIDS and continues the fight against tuberculosis, a serious and common co-infection for HIV-infected individuals. This request includes \$91 million for USAID bilateral TB programs and \$366 million for HHS/NIH research funding. A detailed and specific budget request for all HHS HIV/AIDS research is included in the HHS/NIH Office of AIDS Research Congressional Budget Justification.

All Foreign Operations funding for international malaria-related activities continues to be requested under the Child Survival and Health Program Fund and tracked separately from PEPFAR.

**PEPFAR**

(\$ in thousands)

Objective	FY 2006 Actual	FY 2007 Estimate	FY 2008 Request
Investing in People	3,289,637	3,137,768	5,380,396
<b>Total</b>	<b>3,289,637</b>	<b>3,137,768</b>	<b>5,380,396</b>

The entire PEPFAR budget request falls within the Investing in People objective.

**Program Assessment Rating Tool (PART)**

The Office of Management and Budget (OMB) has evaluated the Emergency Plan using three PARTs: The Focus Countries, Other Bilateral Country Programs, and the Global Fund to Fight AIDS, Tuberculosis and Malaria (The Global Fund). The programs were evaluated on program purpose and design, strategic planning, program management, and program results and accountability. In December 2005, final results of the initial assessment were released, which indicated that each of the three programs is demonstrating results, with the 15 focus countries performing at a slightly higher level.

The Office of the Global AIDS Coordinator (OGAC) updates the Emergency Plan PART assessments every spring and fall as instructed by OMB. Each PART assessment outlines specific areas of improvement for the programs. OGAC has made significant progress in addressing those recommendations. For the focus countries, the Emergency Plan has achieved the PART recommendation to undertake an internal review of focus country budget allocations based on performance data and pipeline capacity during the development of fiscal year 2007 and fiscal year 2008 allocations. It also is in the process of developing and implementing a system to capture expenditures by focus country. For other bilateral Country Programs, the Emergency Plan already has achieved the following PART recommendations: (1) USAID completed implementation of its new financial management system; (2) OGAC worked with its interagency partners to provide an aggressive target for the program's long-term measure, which now is included as a required PART measure; and (3) OGAC developed a system that Other Bilateral countries use to plan future annual year programming and to report on past year results. OGAC also continues to work with the Global Fund to improve its financial management practices.

## Global HIV/AIDS Initiative

(\$ in thousands)	FY 2006 Actual	FY 2007 Estimate	FY 2008 Request
Global HIV/AIDS Initiative	1,975,050	1,852,525	4,150,000

The Administration requests **\$4.15 billion** for the Global HIV/AIDS Initiative (GHAI) account. GHAI is the largest source of funding for the President’s Emergency Plan for AIDS Relief (the Emergency Plan). The Emergency Plan’s vision is to help turn the tide against this global pandemic. The request includes funding for country-based activities, centrally-funded programs, international partners, technical oversight and management, and strategic information and evaluation activities.

### GHAI funding snapshot

- **\$3.6 billion** to expand integrated prevention, care, and treatment programs in 15 focus countries, consisting of Botswana, Côte d’Ivoire, Ethiopia, Guyana, Haiti, Kenya, Mozambique, Namibia, Nigeria, Rwanda, South Africa, Tanzania, Uganda, Vietnam, and Zambia. An additional **\$50.0 million** will be used to fund HIV/AIDS activities in other countries, complementing funds provided primarily from CSH and other USAID-managed accounts, and the U.S. Department of Health and Human Services accounts.
- **\$363.0 million** to support centrally-funded technical leadership and assistance activities in a variety of program areas including the following: anti-retroviral therapy, safe medical injections, safe blood supply, orphans and vulnerable children, abstinence and faithfulness, human capacity development, twinning of U.S. and overseas institutions, and supply chain management.
- **\$61.0 million** for technical oversight and management costs, including funding for salaries and travel costs associated with program oversight, management and implementation.
- **\$36.0 million** for Strategic Information activities that monitor program performance, track progress toward goals, and evaluate the efficacy of interventions.
- **\$27.0 million** for a contribution to UNAIDS. (Separate from this request, \$300 million is requested within the Department of Health and Human Services’ National Institutes of Health budget for a contribution to the Global Fund to Fight AIDS, Tuberculosis and Malaria.)
- **\$13.0 million** for management and administration of the Office of the Global AIDS Coordinator

### Statement of Changes

The FY 2008 GHAI request reflects an increase of \$2.18 billion, or 110 percent, over the FY 2006 enacted level of \$1.98 billion. With FY 2008 being the last year of the initial phase of the Emergency Plan, the significant increase is required for the final push to meet the treatment and

prevention goals in the focus countries. The increase will capitalize on the programmatic successes of prevention, care, and treatment activities in the 15 focus countries.

**Global HIV/AIDS Initiative**  
by Country

	2006 CBJ Actual	2007 CBJ Estimate	2008 CBJ Request
TOTAL	1,975,050	1,852,525	4,150,000
GHA1	1,975,050	1,852,525	4,150,000
Botswana	41,000	*	79,000
Cote d'Ivoire	30,137	*	96,000
Ethiopia	109,500	*	409,000
Guyana	18,000	*	21,300
Haiti	47,300	*	83,000
Kenya	175,950	*	481,000
Mozambique	79,600	*	223,000
Namibia	51,500	*	111,000
Nigeria	138,600	*	467,500
Rwanda	60,000	*	116,000
South Africa	191,553	*	591,500
Tanzania	100,312	*	302,000
Uganda	145,000	*	255,000
Vietnam	31,214	*	87,700
Zambia	116,000	*	290,000
<b>Global Subtotal</b>	<b>639,384</b>	*	<b>362,785</b>
Central Programs	285,232	*	27,000
International Partnerships	227,700	*	50,000
Other Biallateral Programs	50,552	*	36,000
Strategic Information/Evaluation	31,185	*	61,215
Technical Oversight and Management	44,715	*	61,215

## International Disaster and Famine Assistance

(\$ in thousands)	FY 2006 Actual	FY 2007 Estimate	FY 2008 Request
International Disaster and Famine Assistance	361,350	348,800	297,300

The FY 2008 request of **\$297.3 million** will provide funds for the management of humanitarian relief, rehabilitation and reconstruction assistance to countries affected by natural and man-made disasters, and support for disaster mitigation, prevention, and preparedness. The request funds the purchase of commodities including temporary shelter; blankets; supplementary food; potable water; medical supplies; and agricultural rehabilitation aid, including seeds and hand tools.

Approximately **\$113.5 million** of the FY 2008 IDFA funding request is currently planned to meet humanitarian and post-conflict needs in Sudan.

### Statement of Changes

The signing of three peace agreements in Sudan promises a gradual transition of the country from a state of crisis to reconstruction. Congruent with anticipated progress, \$50.0 million of Sudan's programs previously funded through the IDFA account are requested in the ESF account in FY 2008.

## International Disaster and Famine Assistance by Account, Program Area and Program Element

	2006 CBJ Actual	2007 CBJ Estimate	2008 CBJ Request
IDFA	361,350	348,800	297,300
1.6 Conflict Mitigation and Reconciliation	13,750	*	-
1.6.1 Conflict Mitigation	10,750	*	-
1.6.2 Peace and Reconciliation Processes	3,000	*	-
2.2 Good Governance	1,000	*	-
2.2.2 Public Sector Executive Function	1,000	*	-
2.3 Political Competition and Consensus-Building	4,000	*	-
2.3.1 Consensus-Building Processes	4,000	*	-
2.4 Civil Society	9,000	*	-
2.4.1 Civic Participation	2,500	*	-
2.4.2 Media Freedom and Freedom of Information	6,500	*	-
3.1 Health	2,000	*	-
3.1.6 Maternal and Child Health	2,000	*	-
3.2 Education	-	*	-
3.2.1 Basic Education	-	*	-
4.4 Infrastructure	12,250	*	-
4.4.3 Transport Services	11,500	*	-

## International Disaster and Famine Assistance

by Account, Program Area and Program Element

	2006 CBJ Actual	2007 CBJ Estimate	2008 CBJ Request
4.4.4 Program Support (Infrastructure)	750	*	-
<b>4.5 Agriculture</b>	<b>20,300</b>	<b>*</b>	<b>-</b>
4.5.1 Agricultural Enabling Environment	9,350	*	-
4.5.2 Agricultural Sector Productivity	10,000	*	-
4.5.3 Program Support (Agriculture)	950	*	-
<b>5.1 Protection, Assistance and Solutions</b>	<b>276,518</b>	<b>*</b>	<b>297,300</b>
5.1.1 Protection and Solutions	2,002	*	-
5.1.2 Crisis Assistance and Recovery	251,074	*	297,300
5.1.3 Program Support (Protection)	23,442	*	-

## International Disaster and Famine Assistance

by Country

	2006 CBJ Actual	2007 CBJ Estimate	2008 CBJ Request
<b>IDFA</b>	<b>361,350</b>	<b>348,800</b>	<b>297,300</b>
Sudan	164,990	*	113,500
DCHA Contingency	181,560	*	183,800
East Africa Regional	14,800	*	-

Major Disaster Responses by Country				
Obligations (\$ in Thousands)				
Country	FY 2005	Disaster Type	FY 2006	Disaster Type
Afghanistan	3,556	Drought		
Asia	13,279	Regional Tsunami		
Bulgaria	1,449	Floods		
Burundi	8,964	Complex Emergency	2,491	Complex Emergency
Chad	3,344	Food Insecurity	3,893	Complex Emergency
Cote d'Ivoire	2,187	Complex Emergency	780	Complex Emergency
Democratic Republic of Congo	26,432	Complex Emergency	25,132	Complex Emergency
Eritrea	2,000	Complex Emergency	1,988	Complex Emergency
Ethiopia	32,563	Drought	16,866	Drought
Grenada	1,313	Hurricane		
Guatemala			4,140	Floods
Haiti	4,320	Floods		
India	4,287	Tsunami		
Indonesia	1,111	Earthquake	6,402	Earthquake
Indonesia	25,859	Tsunami	50	Tsunami
Iraq	69,630	Complex Emergency	7,886	Complex Emergency
Kenya	2,233	Drought	5,614	Drought
Lebanon			40,794	Complex Emergency
Liberia	9,706	Complex Emergency	3,707	Complex Emergency
Malawi	400	Food Insecurity	2,790	Food Insecurity
Maldives	1,378	Tsunami		
Mali	159	Food Insecurity	1,517	Food Insecurity
Mozambique			1,337	Drought
Nepal	1,340	Complex Emergency	1,781	Complex Emergency
Niger	3,715	Food Insecurity	2,012	Food Insecurity
North Africa	1,500	Locusts		
Pakistan			69,421	Earthquake
Romania	2,050	Floods		
Somalia	4,558	Complex Emergency	6,918	Complex Emergency
Sri Lanka	36,876	Tsunami	1,100	Complex Emergency
Sudan (Darfur)	113,065	Complex Emergency	104,362	Complex Emergency
Sudan	88,249	Complex Emergency	69,144	Complex Emergency
Uganda	11,841	Complex Emergency	12,068	Complex Emergency
United States	1,089	Hurricane (Katrina)	504	Hurricane (Katrina)
West Africa	5,782	Locusts	39	Locusts
Zambia			1,148	Food Insecurity
Zimbabwe	4,991	Complex Emergency	1,250	Complex Emergency
<b>Other Disaster Responses</b>				
Africa Region	2,366		2,868	
Asia Region	3,392		2,775	
Europe / Middle East Region	275		365	
Latin America / Caribbean Regi	1,931		2,240	
Preparedness - Avian Influenza			53,767	
Preparedness / Mitigation	38,552		45,662	
Operations / Program Support	36,418		43,706	
<b>Grand Total</b>	<b>572,159</b>		<b>546,518</b>	

In addition to regular International Disaster and Famine Assistance (IDFA) funds, in FY 2006 OFDA obligated funds from supplemental IDFA and IRRF appropriations for Avian Influenza, Pakistan, Darfur, Africa, and Iraq.



## International Military Education and Training

(\$ in thousands)	FY 2006 Actual	FY 2007 Estimate	FY 2008 Request
International Military Education and Training	85,877	85,237	89,500

The Administration requests **\$89.5 million** for IMET for FY 2008. The IMET program addresses U.S. peace and security challenges by strengthening military alliances around the globe and building a robust international coalition to fight the Global War on Terror. IMET increases the capability of countries to cooperate with the U.S. and its allies by developing professional militaries and exposes foreign military and civilian personnel to democratic values and human rights. As such, IMET programs are focused in both Sustaining Partnership and Developing countries to build and maintain strategic security partnerships and strengthen political rights.

### IMET funding snapshot

- **\$26.0 million** for new NATO members and major coalition partners, in order to promote regional security and integration among U.S., NATO, and European armed forces. Funds also support a new IMET program for Kosovo, a country whose continued stability is key to the region.
- **\$15.7 million** for programs in the Near East region, with a focus on Jordan, Iraq, Egypt, Morocco, Tunisia, Lebanon and Oman. New IMET programs will be launched in Sustaining Partnership countries, the United Arab Emirates and Qatar.
- **\$13.7 million** for programs in Africa, including **\$1.5 million** to restart IMET programs in Kenya and South Africa, states critical to long term regional peace and stability.
- **\$12.0 million** for IMET programs across the Western Hemisphere, to include **\$1.7 million** for El Salvador, **\$1.5 million** for Colombia and **\$2.8 million** for Argentina, Dominican Republic, and Honduras.

### Statement of Changes

The FY 2008 IMET request represents an overall increase from FY 2006 levels, with a particular increase in allocations to rebuilding countries, e.g. Afghanistan, Sudan, Liberia, Kosovo and new requests for key countries including Iraq, Kenya, South Africa, and Libya. Increases and decreases in other countries are based on the projected student training requirements and available schoolhouse quotas.

**International Military Education and Training**  
by Account and Program Element

	2006 CBJ Actual	2007 CBJ Estimate	2008 CBJ Request
IMET	85,877	85,237	89,500
1.1.3 Governments' Capabilities	-	936	162
1.1.4 Program Support (Counter-Terrorism)	50	-	-
1.3.1 Operations Support	5,587	3,474	4,158
1.3.5 Immediate Protection of Civilians in Conflict	1,996	441	1,105
1.3.6 Defense, Military, and Border Restructuring, Reform and Operations	73,264	75,954	78,949
1.3.7 Law Enforcement Restructuring, Reform and Operations	284	158	782
1.3.8 Program Support (Stabilization)	4,670	4,032	4,294
1.4.3 Interdiction	-	-	50
1.4.5 Program Support (Narcotics)	-	90	-
1.5.3 Trafficking-in-Persons and Migrant Smuggling	-	90	-
3.1.1 HIV/AIDS	14	-	-
5.2.1 Capacity Building, Preparedness, and Planning	12	62	-

**International Military Education and Training**  
by Country

	2006 CBJ Actual	2007 CBJ Estimate	2008 CBJ Request
TOTAL	85,877	-	89,500
IMET	85,877	-	89,500
Afghanistan	979	*	1,700
Albania	1,028	*	600
Algeria	823	*	700
Angola	486	*	500
Argentina	1,082	*	947
Armenia	838	*	300
Azerbaijan	823	*	1,000
Bahamas	399	*	200
Bahrain	651	*	650
Bangladesh	930	*	800
Belize	294	*	170
Benin	145	*	150
Bolivia	-	*	188
Bosnia and Herzegovina	973	*	1,000
Botswana	760	*	690
Brazil	-	*	188

## International Military Education and Training by Country

	2006 CBJ Actual	2007 CBJ Estimate	2008 CBJ Request
Bulgaria	1,580	*	1,700
Burkina Faso	123	*	100
Burundi	140	*	200
Cambodia	54	*	70
Cameroon	231	*	295
Cape Verde	124	*	100
Central African Republic	105	*	100
Chad	342	*	100
Chile	646	*	600
Colombia	1,673	*	1,500
Comoros	53	*	100
Costa Rica	-	*	187
Cote d'Ivoire	-	*	100
Croatia	-	*	179
Czech Republic	2,036	*	1,300
Democratic Republic of the Congo	306	*	500
Djibouti	307	*	350
Dominican Republic	1,328	*	980
East Timor	193	*	400
Eastern Caribbean	695	*	630
Ecuador	-	*	187
Egypt	1,208	*	1,300
El Salvador	1,782	*	1,680
Equatorial Guinea	-	*	45
Estonia	1,296	*	1,100
Ethiopia	594	*	650
Fiji	235	*	260
Gabon	231	*	200
Gambia	72	*	120
Georgia	1,275	*	800
Ghana	645	*	600
Greece	573	*	590
Guatemala	488	*	500
Guinea	376	*	350
Guinea-Bissau	136	*	100
Guyana	312	*	250
Haiti	213	*	200
Honduras	1,218	*	880
Hungary	1,685	*	1,200
India	1,272	*	1,300

## International Military Education and Training by Country

	2006 CBJ Actual	2007 CBJ Estimate	2008 CBJ Request
Indonesia	938	*	974
Iraq	-	*	2,000
Jamaica	908	*	750
Jordan	3,020	*	3,067
Kazakhstan	995	*	1,000
Kenya	-	*	550
Kosovo	-	*	400
Kuwait	-	*	15
Kyrgyz Republic	887	*	1,200
Laos	-	*	70
Latvia	1,326	*	1,100
Lebanon	752	*	1,500
Lesotho	-	*	50
Liberia	130	*	300
Libya	-	*	350
Lithuania	1,281	*	1,100
Macedonia	700	*	500
Madagascar	231	*	250
Malawi	345	*	300
Malaysia	891	*	920
Maldives	173	*	195
Mali	-	*	250
Malta	-	*	45
Marshall Islands	-	*	60
Mauritania	-	*	130
Mauritius	126	*	150
Mexico	8	*	388
Moldova	989	*	600
Mongolia	866	*	970
Montenegro	-	*	100
Morocco	1,884	*	1,800
Mozambique	245	*	300
Namibia	-	*	100
Nepal	644	*	790
Nicaragua	740	*	500
Niger	-	*	100
Nigeria	792	*	800
Oman	1,135	*	1,500
Pakistan	2,037	*	2,000
Panama	894	*	185

## International Military Education and Training by Country

	2006 CBJ Actual	2007 CBJ Estimate	2008 CBJ Request
Papua New Guinea	288	*	280
Paraguay	-	*	200
Peru	-	*	187
Philippines	2,926	*	1,550
Poland	2,140	*	2,000
Portugal	593	*	690
Qatar	-	*	15
Republic of the Congo	155	*	100
Romania	1,485	*	1,800
Russia	461	*	700
Rwanda	288	*	400
Samoa	-	*	40
Sao Tome and Principe	289	*	200
Saudi Arabia	-	*	15
Senegal	1,089	*	1,100
Serbia	-	*	300
Seychelles	103	*	100
Sierra Leone	311	*	400
Slovakia	962	*	1,100
Slovenia	895	*	885
Solomon Islands	149	*	150
South Africa	-	*	900
Sri Lanka	529	*	600
Sudan	-	*	300
Suriname	196	*	145
Swaziland	123	*	100
Tajikistan	348	*	565
Tanzania	-	*	300
Thailand	2,369	*	1,200
Togo	37	*	100
Tonga	113	*	195
Trinidad and Tobago	-	*	88
Tunisia	1,847	*	1,800
Turkey	3,011	*	3,000
Turkmenistan	291	*	300
Uganda	340	*	500
Ukraine	1,753	*	1,900
United Arab Emirates	-	*	15
Uruguay	-	*	187
Vanuatu	98	*	115

**International Military Education and Training**  
by Country

	2006 CBJ Actual	2007 CBJ Estimate	2008 CBJ Request
Venezuela	-	*	50
Vietnam	49	*	195
Yemen	924	*	1,000
Zambia	261	*	400
Africa Regional	136	*	133
IMET Admin	4,623	*	4,255

## International Narcotics Control and Law Enforcement (INCLE)

(\$ in thousands)	FY 2006 Actual	FY 2007 Estimate	FY 2008 Request
International Narcotics Control and Law Enforcement	472,428	703,600	634,600

The FY 2008 request of **\$634.6 million** for the International Narcotics Control and Law Enforcement (INCLE) account supports country and global programs that are critical to secure the U.S. and its allies against terrorist networks in the illegal drug trade and international criminal enterprises. Programs supported with INCLE funds seek to close the gap between law enforcement jurisdictions and to strengthen law enforcement institutions that are weak or corrupt.

INCLE funds are focused in Rebuilding countries where security situations are most dire and where U.S. resources are used in tandem with host country government strategies in order to maximize impact. Resources are also focused in countries that have specific challenges to overcome to establish a secure, stable environment.

### INCLE funding snapshot

- Afghanistan -- **\$274.8 million** to expand three major programs: law enforcement, counternarcotics and justice sector reform.
- Iraq -- **\$75.8 million** to support programs in: development of the criminal justice system, public integrity, justice and rule of law, as well as administrative oversight.
- Africa -- **\$34.2 million** to support the Comprehensive Peace Agreement in Sudan, provide technical assistance for the Liberian police and support programs providing technical assistance, equipment and training throughout the region.
- Pakistan -- **\$32.0 million** to continue projects and activities in border security, law enforcement development, and counternarcotics.
- Mexico -- **\$27.8 million** to support homeland/border security, counternarcotics, and institutional development.
- East Asia and Pacific -- **\$18.2 million** to continue to support the development of the Indonesian National Police, crop control and demand reduction programs in Laos; technical and training assistance in the Philippines and Thailand; counternarcotics training in border control and drug interception in Vietnam; and law enforcement and counternarcotics development programs in Cambodia, East Timor and Mongolia.
- Global Programs -- **\$131.1 million** to counter transnational crime and law enforcement and counternarcotics challenges. Some of the specific components include:

- Inter-regional Aviation Support -- **\$60.1 million** to provide core services associated with support functions centered at Patrick Air Force Base necessary to operate a fleet of 189 fixed-and rotary-wing aircraft, which support counternarcotics aviation and border security operations.
- International Law Enforcement Academy -- **\$16.5 million** to continue to fully support existing ILEAs in Bangkok, Budapest, Gaborone, Roswell, and the newest ILEA in San Salvador.
- Anti-Crime Programs -- **\$14.0 million** for programs focused on anticorruption; crimes involving information technology; financial crimes and money laundering; alien smuggling; and border security.

### Statement of Changes

The FY 2008 request for INCLE represents a 46 percent increase over the FY 2006 request. Funding increases are attributable to ramped-up programs in Afghanistan and inclusion of funds for Iraq in the base budget for the first time.

### **International Narcotics Control and Law Enforcement by Country**

	<b>2006 CBJ Actual</b>	<b>2007 CBJ Estimate</b>	<b>2008 CBJ Request</b>
<b>INCLE</b>	472,428	703,600	634,600
1.1.1 Deny Terrorist Sponsorship, Support and Sanctuary	-	*	150
1.1.3 Governments' Capabilities	13,600	*	6,920
1.1.4 Program Support (Counter-Terrorism)	600	*	449
1.3.1 Operations Support	2,970	*	4,000
1.3.2 Disarmament, Demobilization & Reintegration (DDR)	-	*	-
1.3.6 Defense, Military, and Border Restructuring, Reform and Operations	25,300	*	24,241
1.3.7 Law Enforcement Restructuring, Reform and Operations	101,005	*	81,795
1.3.8 Program Support (Stabilization)	1,027	*	4,077
1.4.1 Eradication	200,090	*	249,021
1.4.2 Alternative Development and Alternative Livelihoods	440	*	1,375
1.4.3 Interdiction	34,830	*	45,340
1.4.4 Drug Demand Reduction	17,605	*	10,585
1.4.5 Program Support (Narcotics)	14,934	*	17,248
1.5.1 Financial Crimes and Money Laundering	3,594	*	7,966
1.5.2 Intellectual Property Theft, Corporate Espionage, and Cyber Security	3,366	*	4,367
1.5.3 Trafficking-in-Persons and Migrant Smuggling	5,544	*	10,147
1.5.4 Organized and Gang-related Crime	-	*	5,000
1.5.5 Program Support (Crime)	1,034	*	319
2.1.3 Justice System	36,152	*	132,285
2.1.4 Human Rights	797	*	-
2.1.5 Program Support (Rule of Law)	4,663	*	15,400



2.2.3 Local Government and Decentralization	-	*	-
2.2.4 Anti-Corruption Reforms	4,500	*	13,500
2.2.6 Program Support (Governance)	377	*	415

## International Narcotics Control and Law Enforcement By Country

	2006 CBJ Actual	2007 CBJ Estimate	2008 CBJ Request
<b>TOTAL</b>	472,428	703,600	634,600
<b>INCLE</b>	472,428	703,600	634,600
Afghanistan	232,650	*	274,800
Algeria	-	*	200
Argentina	-	*	305
Bahamas	495	*	500
Bangladesh	-	*	1,500
Bolivia	-	*	600
Burkina Faso	-	*	100
Cambodia	-	*	200
Cape Verde	-	*	500
Chile	-	*	100
Democratic Republic of the Congo	-	*	1,750
Djibouti	-	*	300
Dominican Republic	-	*	1,150
East Timor	1,485	*	1,010
Eastern Caribbean	-	*	500
Ecuador	-	*	200
Egypt	-	*	3,000
El Salvador	-	*	800
Ethiopia	-	*	150
Ghana	-	*	500
Guatemala	2,475	*	5,320
Guyana	-	*	100
Haiti	17,500	*	9,000
Honduras	-	*	750
India	-	*	400
Indonesia	4,950	*	10,050
Iraq	-	*	75,800
Israel	-	*	500
Jamaica	990	*	1,009
Jordan	-	*	1,500
Laos	990	*	1,580
Lebanon	-	*	1,800
Liberia	990	*	4,130
Malaysia	-	*	800

**International Narcotics Control and Law Enforcement**  
By Country

	2006 CBJ Actual	2007 CBJ Estimate	2008 CBJ Request
Mauritania	-	*	300
Mexico	39,600	*	27,816
Mongolia	-	*	670
Morocco	990	*	1,000
Mozambique	-	*	300
Nepal	-	*	2,700
Nicaragua	-	*	1,600
Nigeria	990	*	1,200
Pakistan	34,970	*	32,000
Paraguay	-	*	280
Philippines	1,980	*	1,150
Sierra Leone	-	*	150
South Africa	594	*	-
Sri Lanka	-	*	350
Sudan	-	*	24,000
Tanzania	-	*	450
Thailand	990	*	2,300
Trinidad and Tobago	-	*	500
Tunisia	-	*	200
Turkey	-	*	500
Uganda	-	*	350
United Arab Emirates	-	*	300
Vietnam	-	*	200
West Bank and Gaza	-	*	3,500
Yemen	-	*	500
Africa Regional	594	*	-
East Asia and Pacific Regional	-	*	280
Western Hemisphere Regional	2,475	*	-
<b>Global Subtotal</b>	<b>126,720</b>	<b>*</b>	<b>131,100</b>
Anticrime Programs	10,395	*	14,000
Civilian Police Program	1,980	*	2,000
Criminal Youth Gangs	-	*	5,000
Demand Reduction	9,900	*	3,500
International Law Enforcement Academies	15,840	*	16,500
International Organizations	3,960	*	5,500
Interregional Aviation Support	62,865	*	60,100
Trafficking in Persons	4,950	*	4,950
Program Development and Support	16,830	*	19,550

## Migration and Refugee Assistance

(\$ in thousands)

Account	FY 2006 Actual	FY 2007 Estimate	FY 2008 Request
MRA	783,090	750,206	773,500

The United States has consistently led the international community in responding to the plight of refugees and victims of conflict. Such support entails a combination of diplomacy, program expertise and financial support for voluntary returns, local integration, and resettlement in the United States. Efforts include protection and assistance programs that foster refugees' self-reliance and dignity. This assistance also helps to stabilize countries that are prone to conflict, to rebuild those recovering from conflicts and to transform communities by increasing the capacity of governments, local organizations, and individuals to respond to future crises. USG multilateral funding leverages greater assistance from other countries and encourages global partnerships.

Despite recent repatriation successes, the number of refugees worldwide still totals over 13 million. On top of that, there are millions of additional conflict victims supported through the Migration and Refugee Assistance (MRA) and the Emergency Refugee and Migration Assistance (ERMA) appropriations. Support for the return of the uprooted to their home communities – or resettlement in first-asylum or third countries when return is not possible – helps countries progress to durable peace, security, and stability. However, humanitarian assistance cannot replace the long-term political, economic, and social investment necessary to eliminate the root causes of conflict. Complementary USG programs in the areas of peace and security (including assistance for victims of trafficking provided through the MRA account), good governance, investing in people, and economic growth extend the benefits of humanitarian efforts, and support the transition to recovery and away from humanitarian assistance as soon as possible after conflict turns to peace.

**Peace and Security (\$2 million):** The U.S. Department of State's Bureau of Population, Refugees, and Migration (PRM) plays a key role in USG efforts to combat trafficking in persons (TIP). The MRA appropriation supports a family reunification program for foreign TIP victims in the United States, under the provisions of the Trafficking Victims Protection Act (TVPA), as well as return and reintegration assistance for victims wishing to return to their home country. Funds also support information campaigns to warn potential victims and sensitize the public, and capacity-building for governments and non-governmental organizations (NGOs).

**Humanitarian Assistance (\$771.4 million):** The FY 2008 request for MRA provides protection, assistance and solutions for refugees and victims of conflict and advances U.S. migration policies.

Protection and solutions are inextricably linked to assistance and recovery – both program elements in the Humanitarian Assistance objective of the foreign assistance framework. The FY 2008 budget request supports the provision of tangible relief items and services to conflict victims and refugees based on need and according to minimum international standards. The budget request focuses on protecting vulnerable populations, particularly women and children, to prevent and respond to gender-based violence and enable them to participate more fully in their own protection.

Assistance to meet basic human needs, in areas including nutrition, health, shelter, and water and sanitation, is essential to sustain the lives and livelihoods of refugees, IDPs, and conflict victims from the emergency phase of a crisis through protracted situations, and then leading to a transition to development.

The USG promotes orderly and humane international migration through support for regional migration dialogues (Regional Consultative Processes), capacity-building for governments to develop more effective and humane migration systems, and institutional support for the International Organization for Migration (including the USG's mandatory assessed contribution). The FY 2008 request for Humanitarian Assistance also includes \$40 million to support the United Israel Appeal (UIA). This funding for the UIA supports a package of services designed to promote integration of approximately 11,500 migrants into Israeli society, including transportation to Israel, Hebrew language instruction, transitional housing, education, and vocational training.

Approximately \$22.44 million would be devoted to program management and oversight of these activities, or less than 3% of the total Humanitarian Assistance budget managed through MRA. The request supports a staff of 24 refugee officers in 19 overseas locations, as well as 106 staff based in Washington. Costs related to the small staff dedicated to international population activities are included in the State Department's Diplomatic and Consular Programs account.

#### **Migration and Refugee Assistance by Region**

	<b>2006 CBJ Actual</b>	<b>2007 CBJ Estimate</b>	<b>2008 CBJ Request</b>
<b>MRA</b>	783,090	750,206	773,500
<b>Overseas Assistance</b>	562,765	*	497,600
Africa	245,486	*	220,000
Europe	22,594	*	20,000
Near East	43,429	*	30,800
South Asia	97,215	*	93,100
Western Hemisphere	50,193	*	44,400
Migration	24,335	*	21,000
Strategic Global Priorities	66,624	*	56,600
Iraq	12,889	*	11,700
<b>Refugee Admission</b>	159,440	*	213,400
<b>Humanitarian Migrants to Israel</b>	39,600	*	40,000
<b>Administrative Expenses</b>	21,285	*	22,500

#### Statement of Changes

Carryover for Administrative Expenses from FY 2006 to FY 2007 resulted in a decreased requirement for appropriated funds in FY 2007. Actual administrative needs in FY 2008 is essentially straightlined from FY 2007.

Of the \$783.09 million appropriated in FY 2006, approximately \$34.4 million was carried forward into FY 2007, of which \$26.5 million was for Refugee Admissions, \$6.1 million for Administrative Expenses, and \$1.8 million for Overseas Assistance.

In addition to the FY 2008 MRA request of \$773.5 million reflected above, an additional \$35 million FY 2008 request for MRA is included in the FY 2008 Iraq country presentation.

## OVERSEAS ASSISTANCE

**\$497.6 million** - The majority of refugee assistance funds (about 86% in FY 2006) are provided multilaterally through international organizations (IOs). Funding is also provided bilaterally to non-governmental organizations (NGOs) that fill gaps in the international community's multilateral response.

The USG works closely with other key donor governments to achieve a common operating picture concerning what constitutes satisfactory performance from the overall international humanitarian system. The Department is actively involved in reform efforts to make the UN stronger by increasing the effectiveness of multilateral humanitarian action.

### **Primary International Organization partners**

The Department intends to use the funds requested for FY 2008 to provide a U.S. contribution to the calendar year 2008 requirements of the international organizations (IOs) listed below. Traditionally, U.S. funding aims to meet 20-25 percent of these IOs' funding requests, with reliance on other donors to support the remaining 75-80 percent. Contributions to these organizations from all sources (MRA plus ERMA and Supplemental funds) exceeded \$640 million in FY06.

*The Office of the United Nations High Commissioner for Refugees (UNHCR)* works with partners to ensure that refugees' basic needs such as water, shelter, food, healthcare, and primary education are met. In 2008, UNHCR will continue efforts to direct protection and assistance activities toward those in need, particularly the most vulnerable - women, children, disabled, elderly - who comprise the majority of the populations of concern to UNHCR.

*The International Committee of the Red Cross (ICRC)* is an independent, internationally funded humanitarian institution mandated by the Geneva Conventions, to which the United States is a party. The primary goals of the ICRC are to protect and assist civilian victims of armed conflict, trace missing persons, reunite separated family members, deal with prisoners of war (POWs), and disseminate information on the principles of international humanitarian law.

*The United Nations Relief and Works Agency for Palestine Refugees in the Near East (UNRWA)* has a continuing mandate from the United Nations to provide education, health, relief, and social services to the over 4.3 million registered Palestinian refugees residing in Jordan, Syria, Lebanon, and the West Bank and Gaza. During humanitarian crises, such as the one in West Bank and Gaza or Lebanon in the summer of 2006, UNRWA also provides emergency assistance, including food to vulnerable Palestinian refugees.

*The International Organization for Migration (IOM)* works with governments, other international organizations, and voluntary agencies to facilitate the orderly and humane migration of persons. IOM works in six service areas: assisted voluntary returns and reintegration, counter-trafficking, migration health, transportation, labor migration, and technical cooperation on migration.

U.S. support may also be provided to other IOs and NGOs as required to meet specific program needs and objectives. Other IOs receiving MRA funds in the past include the UN Children's

Fund (UNICEF), the UN Office for the Coordination of Humanitarian Affairs (OCHA), the World Food Program (WFP), the UN Development Program (UNDP), and the International Federation of Red Cross and Red Crescent Societies. The six largest of the forty-three NGO recipients of MRA or Emergency Refugee and Migration Assistance (ERMA) funds for overseas assistance in FY 2006, in order of magnitude, were the International Rescue Committee, the International Medical Corps, the American Refugee Committee, Mercy Corps, Shelter for Life, and the International Catholic Migration Commission. NGO programs may commence at any point in the fiscal year, with funding typically provided for a twelve-month period. The Department may reallocate funds between regions or organizations within the overseas assistance request in response to changing requirements.

### **Assistance Programs in Africa – 220.0 million**

At present, the nascent or ongoing transformation of a number of conflict situations – Angola, Burundi, the Democratic Republic of the Congo (DRC), Liberia, southern Sudan – is gradually driving down refugee and internally displaced person (IDP) numbers on the continent. Estimated numbers of refugees in Africa total 2.7 million and IDPs 12 million. Though numbers are decreasing, resource requirements remain high to support protection and life-sustaining assistance for refugees/IDPs in hard-to-access locations and unable to return as well as increased needs for reintegration support to assist returnees, many of whom spent years in first asylum.

The FY 2008 MRA request for Overseas Assistance in Africa continues support for peace processes through refugee and IDP return and reintegration operations, which are critical in countries such as Burundi, the DRC and Sudan. The MRA request includes USG contributions for UNHCR and ICRC. Some funding is also included for other IOs and NGOs that work with UNHCR to fill gaps in basic relief and reintegration programs.

### **Assistance Programs in East Asia - \$20.0 million**

The FY 2008 request includes continued support for UNHCR and ICRC programs throughout East Asia, as well as for the humanitarian assistance and protection needs of vulnerable North Koreans outside the Democratic People's Republic of Korea (DPRK).

The largest group of refugees in East Asia continues to be Burmese. At the beginning of 2007, approximately 150,000 refugees from a variety of ethnic groups in Burma resided in camps in Thailand. The FY 2008 request includes support for programs of non-governmental organizations (NGOs) that provide basic health care and water and sanitation for Burmese in camps in Thailand, as well as for the Thai Burma Border Consortium, which provides food to Burmese refugees on the Thai-Burma border. MRA contributions to UNHCR in FY 2008 will provide support to approximately 29,000 Burmese Rohingya refugees in camps in Bangladesh and some reintegration and recovery assistance to Rohingyas who have returned to Burma. North Korean refugees continue to flee famine and oppression in the DPRK. The North Korean Human Rights Act of 2004 called on the USG to do more to assist this vulnerable population; the State Department will actively continue to support the efforts of the UN to improve its access, protection, and assistance of these people in FY 2008.

### **Assistance Programs in Europe - \$30.8 million**

The FY 2008 budget request provides support for internally displaced persons (IDPs) in the Caucasus and assistance with durable solutions (return or local integration) for IDPs and refugees from Kosovo in the aftermath of the province's status resolution.

In the South Caucasus region, the request would provide support for continued assistance to IDPs as well as preparations for repatriation in case peace is achieved in either of the two longstanding conflicts – Abkhazia and Nagorno Karabakh. MRA will support UNHCR, other UN agencies, the ICRC, and NGOs to continue providing life-sustaining assistance to the most vulnerable refugees and IDPs in the Caucasus. In the wake of a probable mid-2007 resolution of Kosovo’s final political status – which would bring to a close a long period of uncertainty for more than 200,000 displaced Kosovo minorities – resources will be required both to facilitate the return and reintegration of those displaced minorities who choose to return to Kosovo from Serbia, Montenegro, and Macedonia, as well as to assist those who choose not to return to Kosovo in their efforts to integrate locally within Serbia or Montenegro.

#### **Assistance Programs in the Near East - \$93.1 million**

The FY 2008 request will support UNHCR and ICRC programs throughout the Near East and continue support for the UN Relief and Works Agency for Palestine Refugees in the Near East (UNRWA). With USG support, UNRWA provides basic assistance, including health care and primary education for over 4.3 million registered Palestinian refugees in Jordan, Lebanon, Syria, West Bank and Gaza. UNRWA’s funding needs have grown substantially in recent years for several reasons: An increasing number of Palestinian refugees rely on UNRWA’s social services and emergency assistance in West Bank/Gaza; UNRWA is elevating its services to a level comparable to those provided by host governments in the region; the agency has launched a management reform initiative and is placing increased focus on the promotion of self-reliance among Palestinian refugees.

The MRA request also includes \$35 million for the FY 2008 Global War on Terror Emergency funds and contributions through the MRA account for programs of UNHCR, ICRC, and NGOs to assist and protect Iraqi refugees and conflict victims, including those seeking asylum in neighboring countries and displaced populations inside Iraq. This funding level is presented in the Iraq country table.

#### **Assistance Programs in South Asia - \$44.4 million**

The FY 2008 request will support UNHCR, ICRC, and NGO programs throughout South Asia. The bulk of the request will provide continued repatriation and reintegration support for refugees returning to Afghanistan, as well as assistance for those still remaining in neighboring countries. While over 4.7 million refugees have returned to Afghanistan since 2002, an estimated 3.5 million Afghans remain in Pakistan and Iran. Hundreds of thousands of returnees are expected to cross into Afghanistan in 2008, and the scale of the overall return is unmatched anywhere else in the world. The request also supports funding for Tibetans in Nepal and India, assistance for displaced Sri Lankans, and support for Bhutanese refugees in Nepal.

#### **Assistance Programs in the Western Hemisphere - \$21.0 million**

The FY 2008 request provides some emergency assistance to persons displaced by the conflict in Colombia. The number of IDPs in Colombia continues to grow by approximately 300,000 each year and totals nearly three million, making it one of the largest displaced populations in the world. The request includes support to the regional programs of UNHCR and ICRC. The request also includes funds to meet the Department’s commitment to support the needs of migrants at the Guantanamo Bay Naval Base who have been found to be in need of protection as well as their initial resettlement in third countries.

### **Strategic Global Priorities - \$56.6 million**

The FY 2008 request will provide funding to programs that provide protection and assistance directly to the most vulnerable populations, including women and children, and refugees in protracted situations, including crucial programs that address the problem of gender-based violence. The request would increase the number of protection staff in the field and ensure that IOs and NGOs have the tools to respond quickly and effectively to emerging crises, protect populations in need, and protect the organizations' staffs in increasingly insecure environments.

The request includes funding to monitor the impact of refugee programs through improving the international community's use of standards and indicators, such as mortality rates and nutritional status. Funding for refugee health programs at a global level focuses on enhancing humanitarian partners' technical capacity to address emerging threats to their beneficiary populations, including threats posed by pandemic influenza, as well as ongoing challenges, such as malaria, cholera and other infectious diseases.

### **Migration - \$11.7 million**

FY 2008 MRA funds will be used to continue support for regional migration dialogues in Latin America, Africa, Europe, and Asia. The FY 2008 request provides modest, but essential, funding for anti-trafficking initiatives through the International Organization for Migration (IOM), primarily to prevent the exploitation of women and children worldwide and provide assistance to trafficking victims, including through return and reintegration programs. The Migration request includes funds for the USG's assessed contribution to IOM and tax reimbursement for its American employees.

### **Refugee Admissions - \$213.4 million**

The FY 2008 request strengthens USG support for the Refugee Admissions program, which, in partnership with U.S. NGOs, provides a durable solution for the world's most vulnerable populations. MRA funds will continue to provide initial resettlement services to all arriving refugees, including housing, furnishings, clothing, food, and medical referrals.

To implement the program, the Department provides funding to numerous U.S.-based NGOs involved both in overseas processing functions and in domestic reception and placement services. IOM receives MRA funds for overseas processing functions in some locations and transportation-related services for all refugees admitted under the U.S. program. Funds provided to the UNHCR from the FY 2008 request will be targeted at increasing the organization's capacity worldwide to screen populations and refer for resettlement caseloads that are in need of this critical form of protection.

The FY 2008 request reflects the President's commitment to sustain the Refugee Admissions program by maintaining a funding level sufficient to resettle 70,000 individuals in the United States – the level determined by the President for FY 2007. Global and regional admissions ceilings for FY 2008 will be set by a Presidential Determination after the Congressional consultations process later in FY 2007.



## Humanitarian Migrants to Israel - \$40.0 million

The FY 2008 request maintains the FY 2007 level of support for the humanitarian migrants program of the United Israel Appeal (UIA). It reflects the resource level necessary to support a package of services designed to promote integration of humanitarian migrants into Israeli society, including transportation to Israel, Hebrew language instruction, transitional housing, education, and vocational training, and will support the continued movement of Ethiopian humanitarian migrants to Israel. It is expected that this request will decrease in out years.

## Administrative Expenses - \$22.5 million

The FY 2008 request of \$22.5 million for administrative expenses provides the Bureau of Population, Refugees, and Migration (PRM) with the resources to manage effectively and responsibly the critical humanitarian programs funded through the MRA and ERMA appropriations.

With this administrative budget, PRM manages annually resources of over \$900 million. The funding level for administrative expenses in FY 2008 will be straight-lined from the actual FY 2007 administrative funding program levels. In FY 2007, the administrative budget will use savings from carryover funding to supplement appropriated funds in order to support critical direct humanitarian assistance programs. In FY 2008, we anticipate that carryover funds will not be available.

## Migration and Refugee Assistance by Account, Program Area and Program Element

	2006 CBJ Actual	2007 CBJ Estimate	2008 CBJ Request
MRA	783,090	750,206	773,500
1.5 Transnational Crime	3,423	*	2,050
1.5.3 Trafficking-in-Persons and Migrant Smuggling	3,338	*	2,000
1.5.5 Program Support (Crime)	85	*	50
5.1 Protection, Assistance and Solutions	729,267	*	720,327
5.1.1 Protection and Solutions	490,649	*	478,480
5.1.2 Crisis Assistance and Recovery	218,667	*	220,820
5.1.3 Program Support (Protection)	19,951	*	21,027
5.3 Migration Management	50,400	*	51,123
5.3.1 Protection and Assistance	39,770	*	40,000
5.3.2 Institutional Support and Capacity-building	9,381	*	9,700
5.3.3 Program Support (Migration)	1,249	*	1,423

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

Account	FY 2006 Actual	FY 2007 Estimate	FY 2008 Request
ERMA	29,700	30,000	55,000

The U.S. Emergency Refugee and Migration Assistance Fund (ERMA) is a no-year appropriation, drawn upon by the President to meet “unexpected urgent refugee and migration needs” whenever the President determines that it is “important to the national interest” to do so. The Migration and Refugee Assistance Act of 1962, as amended, provides permanent authorization for the account of up to \$100 million. The FY 2008 request of \$55 million will provide the critical capacity needed to respond to unexpected refugee and migration emergencies.

At the beginning of FY 2007, \$11.7 million remained in the fund. The FY 2007 ERMA appropriation is likely to be \$30 million. Under three Continuing Resolutions, the latest of which expires February 15, 2007, \$11.3 million in FY 2007 funds has been apportioned to the account. During the first quarter of FY 2007, \$5.215 million was drawn down from the Fund to support humanitarian needs related to unanticipated and urgent requirements resulting from conflicts in Somalia and Sri Lanka, leaving \$17.8 million available as of mid-January 2007. We anticipate extensive use of ERMA resources in 2007 to respond to any number of refugee emergencies now on the horizon.

Replenishment of the Fund in FY 2008 is essential to maintaining USG leadership to respond to refugee and migration emergencies, providing sufficient resources to cover drawdown levels that, except for years in which emergency supplemental appropriations to the MRA and/or ERMA accounts were passed, have averaged \$55 - \$60 million a year.

A \$75.7 million emergency supplemental MRA appropriation and reallocation of \$50 million in Economic Support Funds (ESF) to address the emergency needs of the U.N. Relief and Works Agency for Palestine Refugees in the Near East (UNRWA) obviated the need for more extensive use of ERMA in FY 2006. A total of \$46.5 million was drawn down from the Fund during FY 2006 for the following needs:

Presidential Determination 2006-4: \$5 million

On November 22, 2005, \$5 million was authorized to support unexpected and urgent humanitarian needs of refugees and other victims related to the October 2005 earthquake in Pakistan.

Presidential Determination 2006-13: \$28 million

On May 4, 2006, \$28 million was authorized to respond to the humanitarian crisis in Somalia (\$3 million), and to support unexpected and urgent needs related to: refugee repatriation and reintegration in Burundi (\$2 million) and the Democratic Republic of the Congo (\$12 million), refugee food pipeline breaks in Africa (\$3 million), and the UN High Commissioner for Refugees new protection and assistance responsibilities for internally displaced persons (\$8 million).

Presidential Determination 2006-21: \$13.5 million

On August 21, 2006, \$13.5 million was authorized to support unexpected urgent humanitarian needs related to the conflict in Lebanon.

## U.S. Emergency Refugee and Migration Assistance Fund

by Program Objective, Program Area and Program Element

	2006 CBJ Actual	2007 CBJ Estimate	2008 CBJ Request
TOTAL	29,700	30,000	55,000
5 Humanitarian Assistance	29,700	30,000	55,000
5.1 Protection, Assistance and Solutions	29,700	30,000	55,000
5.1.1 Protection and Solutions	29,700	30,000	55,000

## Nonproliferation, Anti-terrorism, Demining, and Related Programs

(\$ in thousands)	FY 2006 Actual	FY 2007 Estimate	FY 2008 Request
Nonproliferation, Anti-terrorism, Demining, and Related Programs	405,999	392,821	464,000

The FY 2008 NADR request for this account totals **\$464 million**, comprised of nonproliferation activities, antiterrorism programs, and regional stability and humanitarian activities. The NADR account provides resources to support critical security and humanitarian-related priority interventions.

NADR funding snapshot (For a complete list of all programs funded under this account, please refer to the tables at the back of this volume.)

### *Non-proliferation activities -- \$192.8 million*

- **\$53.5 million** for Global Threat Reduction Program (formerly the Nonproliferation of WMD Expertise program) to support specialized programs aimed at reducing the threat of terrorist or proliferant state acquisition of WMD materials, equipment, and expertise.
- **\$50.0 million** for voluntary contributions to the International Atomic Energy Agency to support programs in nuclear safeguards, safety, and security.
- **\$41.3 million** for the global Export Control and Related Border Security program, which is designed to help prevent and interdict the proliferation of WMD, missile delivery systems, and advanced conventional weapons.
- **\$30.0 million** for the Nonproliferation and Disarmament Fund to halt the proliferation of weapons of mass destruction (WMD), their delivery systems, and advanced conventional weapons systems, with particular emphasis on denying such weapons to terrorists. Funds also support the destruction of existing weapons.
- **\$18.0 million** for the Comprehensive Nuclear-Test-Ban Preparatory Commission to pay the U.S. share for the ongoing development and implementation of the International Monitoring System.

### *Anti-Terrorism Programs -- \$150.0 million*

- **\$124.3 million** for the Anti-Terrorism Assistance program to support the global campaign against terrorism by providing strategic, operational, and technical training and equipment. The FY 2008 request includes new in-country programs in Iraq and continues funding for programs in Afghanistan, Pakistan, Indonesia, Kenya, the Philippines and Colombia.

- **\$18.3 million** to expand and strengthen the Terrorist Interdiction Program (TIP) in highest priority countries such as Iraq, Afghanistan, Pakistan, Yemen and Kenya.

*Regional Stability and Humanitarian Assistance -- \$121.2 million*

- **\$66.5 million** for the Humanitarian Demining program, which supports a range of humanitarian mine action (HMA) initiatives, such as landmine and unexploded ordnance clearance, landmine surveys, and mine-risk education.
- **\$44.7 million** to support the Small Arms/Light Weapons Destruction initiative, designed to eliminate excess, loosely secured, or other at-risk small arms and light weapons worldwide, including Man Portable Air Defense Systems (MANPADS).
- **\$10.0 million** to support the International Trust Fund (ITF) for Demining and Mine Victims' Assistance in South East Europe to conduct a broad range of mine action initiatives.

Statement of Changes

Overall, the FY 2008 NADR request represents a 14 percent increase from FY 2006 levels. This includes a \$12.9 million increase to TIP to support program expansion and strengthening within the highest priority countries. TIP strives to derail terrorist international travel by providing select countries with a computer network enabling immigration and border control officials to quickly identify suspect persons attempting to enter or leave the country. \$11.0 million in increased funding to the Humanitarian Demining Program continues the Administration's commitment to initiate, sustain, or expand U.S. HMA efforts in some 15 countries across the globe. Also included is \$36.0 million in increased funding to support initiatives to counter the proliferation of MANPADS, including stockpile security and destruction. Destruction of these and other light weapons contributes to U.S. force protection and regional security efforts by helping to prevent the spread of illicit weapons to insurgent groups and terrorist organizations. Destruction of MANPADS, a weapon sought after and used by terrorist groups, will be the priority in FY 2008.

**Nonproliferation, Anti-terrorism, Demining and Related Programs**

by Account, Program Area and Program Element

	2006 CBJ Actual	2007 CBJ Estimate	2008 CBJ Request
NADR	405,999	392,821	464,000
1.1 Counter-Terrorism	129,680	*	149,349
1.1.1 Deny Terrorist Sponsorship, Support and Sanctuary	20,157	*	26,013
1.1.2 De-Legitimize Terrorist Ideology	6,885	*	-
1.1.3 Governments' Capabilities	99,158	*	123,336
1.1.4 Program Support (Counter-Terrorism)	3,480	*	-
1.2 Combating Weapons of Mass Destruction (WMD)	193,451	*	193,770
1.2.1 Counter WMD Proliferation and Combat WMD Terrorism	174,375	*	175,203
1.2.2 Program Support (WMD)	19,076	*	18,567
1.3 Stabilization Operations and Security Sector Reform	81,082	*	120,581
1.3.3 Destruction and Security of Conventional Weapons	9,138	*	44,121

1.3.4 Explosive Remnants of War (ERW)	65,377	*	75,360
1.3.5 Immediate Protection of Civilians in Conflict	110	*	-
1.3.6 Defense, Military, and Border Restructuring, Reform and Operations	5,203	*	100
1.3.7 Law Enforcement Restructuring, Reform and Operations	220	*	-
1.3.8 Program Support (Stabilization)	1,034	*	1,000
<b>1.5 Transnational Crime</b>	<b>1,786</b>	<b>*</b>	<b>300</b>
1.5.1 Financial Crimes and Money Laundering	1,246	*	300
1.5.3 Trafficking-in-Persons and Migrant Smuggling	540	*	-

## Nonproliferation, Anti-terrorism, Demining and Related Programs

### by Activity

	2006 CBJ Actual	2007 CBJ Estimate	2008 CBJ Request
<b>NADR</b>	405,999	392,821	464,000
<b>Nonproliferation Programs</b>	195,872	*	192,770
Nonproliferation and Disarmament Fund	37,125	*	30,000
Export Control and Related Border Security Assistance	42,966	*	41,270
Global Threat Reduction (formerly NWMDE)	52,074	*	53,500
IAEA Voluntary Contribution	49,500		50,000
CTBT International Monitoring System	14,207	*	18,000
<b>Anti-Terrorism Programs</b>	136,125	*	150,024
Anti-terrorism Assistance	122,265	*	124,311
Terrorist Interdiction Program	5,445		18,345
CT Engagement with Allies	990		1,000
Counterterrorism Financing	7,425		6,368
<b>Regional Stability &amp; Humanitarian Assistance</b>	74,002	*	121,206
Humanitarian Demining Program	55,440	*	66,485
International Trust Fund	9,900	*	10,000
Small Arms/Light Weapons Destruction	8,662	*	44,721

## Nonproliferation, Anti-terrorism, Demining and Related Programs

### by Country

	2006 CBJ Actual	2007 CBJ Estimate	2008 CBJ Request
<b>NADR</b>	405,999	392,821	464,000
Afghanistan	30,050	*	21,650
Albania	1,005	*	600
Algeria	-	*	820
Angola	6,120	*	6,300
Argentina	550	*	770

## Nonproliferation, Anti-terrorism, Demining and Related Programs

by Country

	2006 CBJ Actual	2007 CBJ Estimate	2008 CBJ Request
Armenia	700	*	600
Azerbaijan	5,064	*	2,080
Bahamas	754	*	500
Bahrain	2,761	*	1,250
Bangladesh	5,094	*	6,350
Belarus	250	*	-
Bolivia	-	*	425
Bosnia and Herzegovina	1,539	*	1,250
Brazil	1,115	*	530
Brunei	18	*	-
Bulgaria	400	*	300
Burundi	-	*	350
Cambodia	5,000	*	2,510
Chad	2,405	*	-
Chile	470	*	650
Colombia	5,476	*	3,742
Cote d'Ivoire	100	*	-
Croatia	1,300	*	595
Cyprus	350	*	-
Djibouti	120	*	-
Dominican Republic	1,285	*	500
Eastern Caribbean	404	*	500
Ecuador	-	*	175
Egypt	1,029	*	1,570
El Salvador	423	*	105
Eritrea	400	*	-
Estonia	50	*	-
Ethiopia	270	*	-
Georgia	3,137	*	3,215
Ghana	100	*	-
Honduras	315	*	-
Hungary	640	*	-
India	2,711	*	2,700
Indonesia	6,888	*	5,905
Iraq	-	*	16,000
Israel	526	*	-
Jamaica	110	*	505
Jordan	2,491	*	23,755
Kazakhstan	2,041	*	4,200
Kenya	4,763	*	5,824
Kosovo	100	*	-

## Nonproliferation, Anti-terrorism, Demining and Related Programs

by Country

	2006 CBJ Actual	2007 CBJ Estimate	2008 CBJ Request
Kuwait	628	*	-
Kyrgyz Republic	2,917	*	3,000
Laos	3,300	*	1,400
Latvia	110	*	-
Lebanon	2,978	*	4,776
Liberia	220	*	-
Libya	-	*	300
Lithuania	538	*	-
Macedonia	2,295	*	1,135
Malaysia	1,526	*	2,010
Mali	564	*	-
Malta	760	*	-
Mauritius	903	*	-
Mexico	625	*	420
Moldova	320	*	75
Montenegro	-	*	600
Morocco	775	*	1,100
Mozambique	2,344	*	-
Nepal	-	*	1,150
Nicaragua	9	*	75
Niger	905	*	-
Oman	400	*	1,900
Pakistan	8,585	*	10,300
Panama	175	*	1,100
Paraguay	1,010	*	270
Peru	205	*	110
Philippines	4,968	*	4,463
Qatar	906	*	270
Russia	700	*	1,500
Saudi Arabia	1,577	*	100
Senegal	1,200	*	-
Serbia	1,560	*	1,650
Singapore	140	*	725
Slovakia	406	*	-
Slovenia	50	*	-
South Africa	39	*	-
Sri Lanka	3,615	*	1,150
Sudan	3,020	*	4,000
Suriname	100	*	-
Taiwan	450	*	575
Tajikistan	1,970	*	4,000



## Nonproliferation, Anti-terrorism, Demining and Related Programs

by Country

	2006 CBJ Actual	2007 CBJ Estimate	2008 CBJ Request
Tanzania	2,701	*	150
Thailand	3,989	*	2,500
Togo	32	*	-
Trinidad and Tobago	234	*	890
Tunisia	25	*	500
Turkey	730	*	2,200
Turkmenistan	400	*	750
Uganda	140	*	-
Ukraine	3,100	*	2,100
United Arab Emirates	961	*	300
Uzbekistan	-	*	900
Vietnam	3,770	*	920
Yemen	1,441	*	4,050
Zambia	100	*	-
Office of the Coordinator for Counterterrorism	46,327	*	41,600
Europe Regional	977	*	500
Bureau of International Security and Nonproliferation (ISN)	169,813	*	168,500
Bureau of Political-Military Affairs (PM)	18,239	*	65,300
Africa Regional	-	*	7,200
East Asia and Pacific Regional	1,000	*	860
Near East Regional	300	*	-
South and Central Asia Regional	153	*	400
Western Hemisphere Regional	450	*	-

## Export Control and Related Border Security Assistance (EXBS) Nonproliferation, Anti-terrorism, Demining and Related Programs

	2006 Actual	2007 Estimate	2008 Request
<b>TOTAL</b>	42,966	*	41,270
<b>Africa</b>	300	*	-
Kenya	100	*	-
Tanzania	200	*	-
<b>Bureau of International Security and Nonproliferation</b>	16,907	*	17,000
ISN - EXBS (Global)	16,907	*	17,000
<b>East Asia &amp; Pacific</b>	3,485	*	2,990
Indonesia	450	*	490
Malaysia	420	*	490
Philippines	475	*	210
Singapore	140	*	725
Taiwan	450	*	575

**Export Control and Related Border Security Assistance (EXBS)  
Nonproliferation, Anti-terrorism, Demining and Related Programs**

	<b>2006 Actual</b>	<b>2007 Estimate</b>	<b>2008 Request</b>
Thailand	160	*	400
Vietnam	390	*	100
East Asia and Pacific Regional	1,000	*	-
<b>Europe and Eurasia</b>	<b>13,469</b>	<b>*</b>	<b>9,230</b>
Albania	505	*	300
Armenia	700	*	600
Azerbaijan	1,650	*	1,200
Belarus	250	*	-
Bosnia and Herzegovina	895	*	400
Croatia	1,300	*	595
Cyprus	350	*	-
Estonia	50	*	-
Georgia	-	*	1,200
Latvia	50	*	-
Lithuania	538	*	-
Macedonia	700	*	535
Malta	660	*	-
Moldova	320	*	-
Montenegro	-	*	300
Russia	700	*	1,500
Serbia	1,560	*	900
Slovakia	406	*	-
Slovenia	50	*	-
Turkey	350	*	600
Ukraine	1,600	*	1,100
Europe and Eurasia Regional	835	*	-
<b>Near East</b>	<b>2,225</b>	<b>*</b>	<b>3,400</b>
Egypt	310	*	500
Jordan	1,115	*	1,000
Libya	-	*	300
Morocco	-	*	200
Oman	300	*	500
Tunisia	-	*	100
United Arab Emirates	-	*	300
Yemen	200	*	500
Near East Regional	300	*	-
<b>South and Central Asia</b>	<b>4,435</b>	<b>*</b>	<b>7,650</b>
Afghanistan	400	*	750
Bangladesh	-	*	300
India	175	*	700
Kazakhstan	1,050	*	2,000
Kyrgyz Republic	810	*	1,000
Pakistan	700	*	500

**Export Control and Related Border Security Assistance (EXBS)  
Nonproliferation, Anti-terrorism, Demining and Related Programs**

	<b>2006 Actual</b>	<b>2007 Estimate</b>	<b>2008 Request</b>
Sri Lanka	300	*	250
Tajikistan	600	*	1,000
Turkmenistan	400	*	750
South and Central Asia Regional	-	*	400
<b>Western Hemisphere</b>	<b>2,145</b>	<b>*</b>	<b>1,000</b>
Argentina	550	*	300
Chile	470	*	300
Mexico	625	*	300
Panama	50	*	100
Western Hemisphere Regional	450	*	-

**Anti-terrorism Assistance (ATA)  
Nonproliferation, Anti-terrorism, Demining and Related Programs**

	<b>2006 Actual</b>	<b>2007 Estimate</b>	<b>2008 Request</b>
<b>TOTAL</b>	<b>122,265</b>	<b>*</b>	<b>124,311</b>
<b>Africa</b>	<b>9,597</b>	<b>*</b>	<b>11,500</b>
Chad	625	*	-
Djibouti	120	*	-
Ethiopia	170	*	-
Kenya	3,150	*	5,500
Liberia	220	*	-
Mali	564	*	-
Mauritius	903	*	-
Niger	905	*	-
Senegal	800	*	-
South Africa	39	*	-
Tanzania	2,101	*	-
Africa Regional	-	*	6,000
<b>East Asia &amp; Pacific</b>	<b>14,257</b>	<b>*</b>	<b>10,890</b>
Brunei	18	*	-
Indonesia	6,237	*	4,200
Malaysia	825	*	770
Philippines	4,239	*	3,500
Thailand	2,858	*	1,700
Vietnam	80	*	-
East Asia and Pacific Regional	-	*	720
<b>Europe and Eurasia</b>	<b>4,574</b>	<b>*</b>	<b>3,340</b>
Albania	200	*	-
Azerbaijan	350	*	400

**Anti-terrorism Assistance (ATA)**  
**Nonproliferation, Anti-terrorism, Demining and Related Programs**

	2006 Actual	2007 Estimate	2008 Request
Bosnia and Herzegovina	485	*	650
Georgia	1,014	*	565
Hungary	640	*	-
Latvia	60	*	-
Macedonia	1,445	*	400
Moldova	-	*	75
Turkey	380	*	750
Europe and Eurasia Regional	-	*	500
<b>Near East</b>	<b>9,928</b>	<b>*</b>	<b>30,671</b>
Bahrain	2,761	*	750
Egypt	575	*	370
Iraq	-	*	1,000
Israel	526	*	-
Jordan	1,024	*	22,355
Kuwait	435	*	-
Lebanon	1,558	*	3,676
Morocco	525	*	500
Oman	100	*	900
Qatar	788	*	270
Saudi Arabia	1,387	*	100
Tunisia	25	*	-
United Arab Emirates	183	*	-
Yemen	41	*	750
<b>Office of the Coordinator for Counterterrorism</b>	<b>42,557</b>	<b>*</b>	<b>39,600</b>
S/CT - Anti-terrorism Assistance (ATA) (Global)	42,557	*	39,600
<b>South and Central Asia</b>	<b>32,448</b>	<b>*</b>	<b>20,250</b>
Afghanistan	12,123	*	1,300
Bangladesh	4,112	*	3,550
India	2,536	*	1,000
Kazakhstan	991	*	1,000
Kyrgyz Republic	2,107	*	1,500
Nepal	-	*	1,000
Pakistan	7,302	*	8,000
Sri Lanka	2,207	*	400
Tajikistan	1,070	*	2,000
Uzbekistan	-	*	500
<b>Western Hemisphere</b>	<b>8,904</b>	<b>*</b>	<b>8,060</b>
Argentina	-	*	470
Bahamas	754	*	500
Brazil	1,115	*	-
Chile	-	*	350
Colombia	5,176	*	3,315
Dominican Republic	100	*	500
Eastern Caribbean	404	*	500

**Anti-terrorism Assistance (ATA)**  
**Nonproliferation, Anti-terrorism, Demining and Related Programs**

	2006 Actual	2007 Estimate	2008 Request
Ecuador	-	*	175
El Salvador	423	*	105
Jamaica	110	*	505
Mexico	-	*	120
Panama	-	*	250
Paraguay	383	*	270
Peru	205	*	110
Trinidad and Tobago	234	*	890

**Counterterrorism Financing (CTF)**  
**Nonproliferation, Anti-terrorism, Demining and Related Programs**

	2006 Actual	2007 Estimate	2008 Request
<b>TOTAL</b>	7,425	*	6,368
<b>Africa</b>	1,113	*	-
Kenya	813	*	-
Tanzania	300	*	-
<b>East Asia &amp; Pacific</b>	657	*	948
Indonesia	201	*	465
Malaysia	281	*	-
Philippines	104	*	343
Thailand	71	*	-
East Asia and Pacific Regional	-	*	140
<b>Europe and Eurasia</b>	300	*	300
Bosnia and Herzegovina	159	*	200
Turkey	-	*	100
Europe and Eurasia Regional	141	*	-
<b>Near East</b>	2,024	*	2,620
Algeria	-	*	320
Egypt	144	*	200
Iraq	-	*	1,100
Jordan	352	*	400
Kuwait	193	*	-
Lebanon	-	*	100
Morocco	249	*	200
Qatar	118	*	-
Saudi Arabia	189	*	-
United Arab Emirates	779	*	-
Yemen	-	*	300

**Counterterrorism Financing (CTF)  
Nonproliferation, Anti-terrorism, Demining and Related Programs**

	2006 Actual	2007 Estimate	2008 Request
<b>Office of the Coordinator for Counterterrorism</b>	1,085	*	500
S/CT - Counterterrorism Financing (CTF) (Global)	1,085	*	500
<b>South and Central Asia</b>	1,494	*	2,000
Afghanistan	275	*	600
Bangladesh	983	*	1,000
Pakistan	83	*	400
South and Central Asia Regional	153	*	-
<b>Western Hemisphere</b>	752	*	-
Panama	125	*	-
Paraguay	627	*	-

**Terrorist Interdiction Program (TIP)  
Nonproliferation, Anti-terrorism, Demining and Related Programs**

	2006 Actual	2007 Estimate	2008 Request
<b>TOTAL</b>	5,445	*	18,345
<b>Africa</b>	1,300	*	1,650
Cote D'Ivoire	100	*	-
Ethiopia	100	*	-
Ghana	100	*	-
Kenya	700	*	300
Tanzania	100	*	150
Uganda	100	*	-
Zambia	100	*	-
STATE Africa Regional	-	*	1,200
<b>East Asia &amp; Pacific</b>	1,000	*	2,040
Cambodia	100	*	-
Indonesia	-	*	750
Malaysia	-	*	750
Philippines	-	*	140
Thailand	900	*	400
<b>Europe and Eurasia</b>	350	*	750
Kosovo	100	*	-
Malta	100	*	-
Macedonia	150	*	-
Turkey	-	*	750
<b>Near East</b>	500	*	4,600
Algeria	-	*	500
Bahrain	-	*	500

**Terrorist Interdiction Program (TIP)  
Nonproliferation, Anti-terrorism, Demining and Related Programs**

	<b>2006 Actual</b>	<b>2007 Estimate</b>	<b>2008 Request</b>
Egypt	-	*	500
Iraq	-	*	1,000
Morocco	-	*	200
Oman	-	*	500
Tunisia	-	*	400
Yemen	500	*	1,000
<b>Office of the Coordinator for Counterterrorism</b>	<b>1,695</b>	<b>*</b>	<b>500</b>
S/CT - Terrorist Interdiction Program (TIP) (Global)	1,695	*	500
<b>South and Central Asia</b>	<b>600</b>	<b>*</b>	<b>7,450</b>
Afghanistan	100	*	1,000
Bangladesh	-	*	1,500
India	-	*	1,000
Kazakhstan	-	*	500
Kyrgyz Republic	-	*	500
Nepal	-	*	150
Pakistan	500	*	900
Sri Lanka	-	*	500
Tajikistan	-	*	1,000
Uzbekistan	-	*	400
<b>Western Hemisphere</b>	<b>-</b>	<b>*</b>	<b>1,355</b>
Brazil	-	*	530
Nicaragua	-	*	75
Panama	-	*	750

**Humanitarian Demining Program  
Nonproliferation, Anti-terrorism, Demining and Related Programs**

	<b>2006 Actual</b>	<b>2007 Estimate</b>	<b>2008 Request</b>
<b>TOTAL</b>	55,440	*	66,485
<b>Africa</b>	13,017	*	9,550
Angola	5,673	*	5,800
Burundi	-	*	350
Chad	1,780	*	-
Eritrea	400	*	-
Mozambique	2,344	*	-
Senegal	400	*	-
Sudan	2,420	*	3,400
<b>Bureau of Political and Military Affairs</b>	<b>7,891</b>	<b>*</b>	<b>21,700</b>
PM - Humanitarian Demining (Global)	7,891	*	21,000
PM - Program Development & Support	-	*	700
<b>East Asia &amp; Pacific</b>	<b>11,500</b>	<b>*</b>	<b>4,730</b>
Cambodia	4,900	*	2,510
Laos	3,300	*	1,400
Vietnam	3,300	*	820
<b>Europe and Eurasia</b>	<b>5,187</b>	<b>*</b>	<b>1,180</b>
Azerbaijan	3,064	*	480
Georgia	2,123	*	700
<b>Near East</b>	<b>2,120</b>	<b>*</b>	<b>13,900</b>
Iraq	-	*	12,900
Lebanon	1,420	*	1,000
Yemen	700	*	-
<b>South and Central Asia</b>	<b>15,425</b>	<b>*</b>	<b>15,000</b>
Afghanistan	14,317	*	15,000
Sri Lanka	1,108	*	-
<b>Western Hemisphere</b>	<b>300</b>	<b>*</b>	<b>425</b>
Bolivia	-	*	425
Colombia	300	*	-



**Small Arms / Light Weapons Destruction Program  
Nonproliferation, Anti-terrorism, Demining and Related Programs**

	2006 Actual	2007 Estimate	2008 Request
<b>TOTAL</b>	8,662	*	44,721
<b>Africa</b>	1,119	*	1,124
Angola	447	*	500
Kenya	-	*	24
Sudan	600	*	600
Togo	32	*	-
Uganda	40	*	-
<b>Bureau of Political and Military Affairs</b>	448	*	33,600
PM - Small Arms / Light Weapons (Global)	448	*	33,300
PM - Program Development & Support	-	*	300
<b>East Asia &amp; Pacific</b>	150	*	270
Philippines	150	*	270
<b>Europe and Eurasia</b>	2,200	*	3,600
Albania	300	*	300
Bulgaria	400	*	300
Georgia	-	*	750
Macedonia	-	*	200
Montenegro	-	*	300
Serbia	-	*	750
Ukraine	1,500	*	1,000
<b>Near East</b>	-	*	1,500
Yemen	-	*	1,500
<b>South and Central Asia</b>	3,135	*	4,200
Afghanistan	2,835	*	3,000
Kazakhstan	-	*	700
Pakistan	-	*	500
Tajikistan	300	*	-
<b>Western Hemisphere</b>	1,610	*	427
Colombia	-	*	427
Dominican Republic	1,185	*	-
Honduras	316	*	-
Nicaragua	9	*	-
Suriname	100	*	-

## Peacekeeping Operations

(\$ in thousands)	FY 2006 Actual	FY 2007 Estimate	FY 2008 Request
Peacekeeping Operations	173,250	170,000	221,200

The FY 2008 request of **\$221.2 million** in PKO is intended to advance international support for voluntary multi-national efforts, including support for international missions and U.S. conflict prevention activities. PKO funding provides the security assistance to help curtail conflict, enhancing states' ability to meet basic human needs and to progress in governance, investing in people, and economic growth. To maximize the U.S. investment, these funds promote involvement of regional organizations and help leverage support for multi-national efforts where no formal cost-sharing mechanisms exist.

### PKO funding snapshot

- **\$95.2 million** to foster the Presidential *Global Peace Operations Initiative*, which in FY 2008 will include training over 14,000 troops. This program incorporates the *African Contingency Operations Training and Assistance* program, and the *Enhanced International Peacekeeping Capabilities (EIPC)* program, previously funded under the FMF account.
- **\$63.7 million** to continue efforts to transform the Southern Sudanese, Liberian, and the Democratic Republic of Congo militaries into professional armed forces, capable of maintaining national peace and security.
- **\$21.0 million** to continue the U.S. contribution to the *Multinational Force and Observers* mission in the Sinai.
- **\$10.0 million** to continue support for the *Trans-Sahara Counter-terrorism Partnership (TSCTP)*, a multi-disciplinary initiative designed to counter terrorist threats, promote interoperability and facilitate coordination between countries in the region.

### Statement of Changes

The FY 2008 PKO request represents a 28 percent increase from FY 2006 levels. This increase reflects new funding for programs such as TSCTP, and a shift of funding for programs that were previously funded from the FMF account. Additionally, funds are requested for multi-lateral peacekeeping and regional stability operations in Somalia and security sector reform.

## Peacekeeping Operations

by Account, Program Area and Program Element

	2006 CBJ Actual	2007 CBJ Estimate	2008 CBJ Request
PKO	173,250	170,000	221,200
1.3 Stabilization Operations and Security Sector Reform	173,250	*	211,200
1.3.1 Operations Support	132,384	*	133,500
1.3.6 Defense, Military, and Border Restructuring, Reform and Operations	40,866	*	77,700
1.6 Conflict Mitigation and Reconciliation	-	*	10,000
1.6.1 Conflict Mitigation	-	*	10,000

## Peacekeeping Operations

by Country

	2006 CBJ Actual	2007 CBJ Estimate	2008 CBJ Request
PKO	173,250	170,000	221,200
Democratic Republic of the Congo	-	*	5,500
Liberia	-	*	16,800
Somalia	-	*	2,300
Sudan	70,000	*	41,400
Africa Regional	40,866	*	14,000
Global Peace Operations Initiative	43,384	*	95,200
Multinational Force and Observers	19,000	*	21,000
Conflict Response Fund	-	*	25,000

## P.L. 480 Title II

(\$ in thousands)	FY 2006 Actual	FY 2007 Estimate	FY 2008 Request
P.L. 480 Title II	1,138,500	1,223,100	1,219,400

The FY 2008 request for Title II Food Aid is **\$1.22 billion**. Title II Food Aid of the Agricultural Trade Development and Assistance Act of 1954 (Public Law 480) is requested by the Department of Agriculture and administered by USAID.

Title II provides U.S. food assistance in response to emergencies and disasters around the world via the World Food Program and private voluntary organizations. Title II resources have been critical to saving lives by preventing famines and providing urgent relief to victims of natural disasters and civil strife.

Through this program, the United States also provides development-oriented resources to private voluntary organizations to help improve the long-term food security of needy people through the direct distribution of agricultural commodities and the use of local currencies generated by the sale of these commodities in the recipient country.

### Statement of Changes

The request represents an increase of seven percent from \$1.14 billion in FY 2006. In addition, within the account the Administration strategically shifted resources to prioritize food insecure countries.

The request includes authority to use up to 25 percent of the Title II funds for the local or regional purchase and distribution of food to assist people threatened by a food crisis. In particular, the language is intended to authorize the Administrator of USAID, when deemed appropriate, to procure food locally or regionally from developing countries and to distribute such food in response to a food crisis. This authority will be used to save more lives by decreasing the time and cost of providing food in the most critical emergency food crises.

**P.L. 480 Title II**  
**by Account, Program Area and Program Element**

	<b>2006 CBJ Actual</b>	<b>2007 CBJ Estimate</b>	<b>2008 CBJ Request</b>
PL480	1,138,500	1,223,100	1,219,400
<b>2.4 Civil Society</b>	1,568	*	-
2.4.1 Civic Participation	1,568	*	-
<b>3.1 Health</b>	172,781	*	128,401
3.1.1 HIV/AIDS	2,203	*	460
3.1.6 Maternal and Child Health	155,292	*	113,416
3.1.7 Family Planning and Reproductive Health	4,971	*	7,500
3.1.8 Water Supply and Sanitation	10,315	*	7,025
<b>3.2 Education</b>	29,196	*	22,877
3.2.1 Basic Education	29,196	*	22,877
<b>3.3 Social and Economic Services and Protection for Vulnerable Populations</b>	39,101	*	25,217
3.3.1 Policies, Regulations, and Systems	2,190	*	-
3.3.2 Social Services	3,691	*	1,101
3.3.3 Social Assistance	33,220	*	24,116
<b>4.2 Trade and Investment</b>	856	*	-
4.2.2 Trade and Investment Capacity	856	*	-
<b>4.4 Infrastructure</b>	3,285	*	-
4.4.3 Transport Services	3,285	*	-
<b>4.5 Agriculture</b>	260,661	*	151,354
4.5.2 Agricultural Sector Productivity	260,661	*	151,354
<b>4.6 Private Sector Competitiveness</b>	780	*	1,000
4.6.3 Workforce Development	780	*	1,000
<b>4.7 Economic Opportunity</b>	2,600	*	2,246
4.7.3 Strengthen Microenterprise Productivity	2,600	*	2,246
<b>4.8 Environment</b>	2,353	*	-
4.8.1 Natural Resources and Biodiversity	2,353	*	-
<b>5.1 Contingency*</b>	576,371	*	883,106
5.1.1 Protection and Solutions	968	*	500
5.1.2 Contingency*	575,260	*	873,400
5.1.3 Program Support (Protection)	143	*	9,206
<b>5.2 Disaster Readiness</b>	30,060	*	5,199
5.2.1 Capacity Building, Preparedness, and Planning	15,659	*	2,699
5.2.2 Mitigation	14,401	*	2,500
<b>5.3 Migration Management</b>	18,888	*	-
5.3.1 Protection and Assistance	18,888	*	-

\*Note: In the case of P.L. 480 food aid, Program Area 5.1 and Program Element 5.1.2 are unallocated contingency resources budgeted in the DCHA Bureau. These funds will be used for non-emergency programs unless required for emergencies, in which case the Administrator may waive the sub-minimum mandate through official procedures sometime after the beginning of the applicable fiscal year

**P.L. 480 Title II**  
by Country

	2006 CBJ Actual	2007 CBJ Estimate	2008 CBJ Request
<b>TOTAL</b>	1,138,500	1,223,100	1,219,400
<b>PL480</b>	1,138,500	1,223,100	1,219,400
Afghanistan	60,031	*	10,000
Angola	3,493	*	-
Azerbaijan	1,954	*	-
Bangladesh	30,207	*	31,000
Benin	1,591	*	-
Bolivia	15,953	*	13,000
Burkina Faso	17,709	*	10,000
Burundi	14,669	*	5,000
Cape Verde	5,195	*	-
Central African Republic	565	*	-
Chad	26,475	*	5,000
Colombia	2,973	*	-
Cote d'Ivoire	3,439	*	-
Democratic Republic of the Congo	39,898	*	10,000
Djibouti	2,094	*	-
East Timor	1,182	*	-
El Salvador	856	*	-
Eritrea	2,432	*	-
Ethiopia	123,004	*	25,000
Gambia	3,034	*	-
Georgia	1,416	*	-
Ghana	22,656	*	7,000
Guatemala	19,515	*	14,000
Guinea	8,330	*	3,000
Haiti	35,955	*	34,500
Honduras	13,105	*	10,000
India	43,501	*	13,500
Indonesia	12,886	*	-
Kenya	42,965	*	7,000
Lebanon	281	*	-
Liberia	26,971	*	9,000
Madagascar	16,426	*	15,000
Malawi	7,838	*	18,000
Mali	6,361	*	2,000
Mauritania	6,065	*	5,000
Mozambique	15,601	*	20,000
Nepal	1,213	*	-

**P.L. 480 Title II**  
by Country

	2006 CBJ Actual	2007 CBJ Estimate	2008 CBJ Request
Nicaragua	13,006	*	6,000
Niger	19,445	*	15,000
Pakistan	17,675	*	-
Peru	8,250	*	-
Republic of the Congo	784	*	-
Rwanda	20,430	*	10,000
Senegal	4,503	*	3,500
Sierra Leone	12,471	*	12,000
Somalia	27,377	*	-
Sudan	145,208	*	245,000
Tajikistan	13,830	*	-
Tanzania	13,711	*	-
Uganda	54,862	*	23,000
West Bank and Gaza	4,442	*	-
Zambia	4,488	*	18,000
USAID Southern Africa Regional	150,783	*	-
DCHA Contingency	-	*	619,900
P.L. 480 Adjustment	-10,604	*	

## Transition Initiatives

(\$ in thousands)	FY 2006 Actual	FY 2007 Estimate	FY 2008 Request
Transition Initiatives	39,600	40,000	37,200

The FY 2008 request of **\$37.2 million** for the Transition Initiatives account will be used to address the opportunities and challenges facing conflict-prone countries and those making the transition from initial crisis stage of a complex emergency to the path of sustainable development and democracy.

TI funds are focused on advancing peace and stability. Examples include: support for demobilization and re-integration of ex-combatants; community self-help programs; grass-roots democratic media programs; and conflict resolution measures.

### Transition Initiatives by Account, Program Area and Program Element

	2006 CBJ Actual	2007 CBJ Estimate	2008 CBJ Request
TI	39,600	40,000	37,200
<b>1.3 Stabilization Operations and Security Sector Reform</b>	13,986	*	4,060
1.3.2 Disarmament, Demobilization & Reintegration (DDR)	6,432	*	-
1.3.5 Immediate Protection of Civilians in Conflict	-	*	2,940
1.3.8 Program Support (Stabilization)	7,554	*	1,120
<b>1.6 Conflict Mitigation and Reconciliation</b>	12,615	*	16,850
1.6.1 Conflict Mitigation	6,458	*	1,740
1.6.2 Peace and Reconciliation Processes	5,519	*	10,520
1.6.4 Program Support (Conflict)	638	*	4,590
<b>2.2 Good Governance</b>	6,718	*	11,220
2.2.1 Legislative Function and Processes	15	*	-
2.2.2 Public Sector Executive Function	-	*	3,940
2.2.3 Local Government and Decentralization	6,516	*	4,010
2.2.6 Program Support (Governance)	187	*	3,270
<b>2.4 Civil Society</b>	4,900	*	5,070
2.4.1 Civic Participation	3,400	*	3,500
2.4.2 Media Freedom and Freedom of Information	753	*	-
2.4.3 Program Support (Civil Society)	747	*	1,570
<b>4.6 Private Sector Competitiveness</b>	1,381	*	-
4.6.3 Workforce Development	1,381	*	-



## Transition Initiatives

by Country

	2006 CBJ Actual	2007 CBJ Estimate	2008 CBJ Request
<b>TOTAL</b>	39,600	40,000	37,200
<b>TI</b>	39,600	40,000	37,200
Bolivia	5,373	*	-
Burundi	1,381	-	-
Democratic Republic of the Congo	38	-	-
Haiti	4,569	-	-
Liberia	6,394	*	-
Nepal	1,769	*	-
Sri Lanka	1,728	*	-
Sudan	6,755	*	5,000
Venezuela	3,681	*	-
West Bank and Gaza	343	*	-
Zimbabwe	15	-	-
DCHA Contingency	7,554	*	32,200

<b>Transition Initiatives - FY 2006-2008</b> Administered by the United States Agency for International Development Office of Transition Initiatives (OTT) (\$ in Thousands)					
Country	Description	Dates	FY 2006 ACTUAL OBLIGATIONS	FY 2007 ESTIMATE	FY 2008 REQUEST
<b>AFRICA</b>					
<b>Burundi</b>	Promote informed participation of citizens amongst diverse ethnic groups to advance the peace process and encourage good governance through transparency and accountability.	Start: 3/2002 Exit: 6/2006	2,619	-	-
<b>Democratic Republic of the Congo</b>	Contribute to stability in war-torn communities by accelerating the reintegration of war-affected youth and raising awareness of and participation in the transition towards peace.	Start: 4/2002 Est. Exit: 3/2006	148	-	-
<b>Liberia</b>	Strengthen good governance, community reintegration, and media activities in a post-conflict environment.	Start: 1/2004 Exit: 8/2007	7,567	*	-
<b>Sudan</b>	Support implementation of peace agreements and strengthen Sudanese confidence and capacity to address the causes and consequences of political marginalization, violence, and instability.	Start: 1/2003 Exit: TBD	8,060	*	5,000
<b>Zimbabwe</b>	Support indigenous civil society organizations, independent media and others to support good governance and basic human rights protection.	Start: 1/2000 Exit: 12/2005	225	-	-
<b>ASIA / NEAR EAST</b>					
<b>Iraq (see below)</b>	Support critical activities that build and sustain Iraqi confidence in the development of a participatory, stable, and democratic Iraq. Provide short-term employment, restore basic government and community services, increase Iraqi access to information and communication, and encourage protection of human rights.	Start: 1/2003 Exit: 6/2006	-	-	-
<b>Nepal</b>	Support the peace process and conflict mitigation.	Start: 6/2006 Exit: TBD	2,087	*	-
<b>Sri Lanka</b>	Generate greater support for a negotiated peace settlement to end the long-standing conflict.	Start: 2/2003 Exit: 03/2007	3,650	*	-
<b>West Bank/Gaza</b>	Support civil society, moderate leaders and independent institutions to promote good governance and a return to the peace process.	Start: 5/2005 Exit: TBD	1,069	*	-
<b>LATIN AMERICA</b>					
<b>Bolivia</b>	Strengthen regional government capacity and promote indigenous engagement in political and economic development.	Start: 2/2004 Exit: 7/2007	5,667	*	-
<b>Colombia</b>	Assist the Government of Colombia in stabilizing conflict-prone areas recently liberated from insurgent control by strengthening its ability to engage communities and re-establish social services.	Start: 2/2007 Exit: TBD	-	*	-
<b>Haiti</b>	Support a peaceful transition by helping volatile communities create stability and progress prior to elections.	Start: 5/2004 Exit: 9/2006	4,834	-	-
<b>Venezuela</b>	Provide assistance to maintain democratic stability and strengthen the country's fragile democratic institutions.	Start: 8/2002 Exit: TBD	4,616	*	-
<b>New Countries</b>			-	*	26,400
<b>Transfers - Office of Military Affairs</b>			1,777	-	-
<b>Program Support - Worldwide</b>			4,905	*	5,800
<b>No-Year funds adjustment/1</b>			(7,622)	*	-
<b>TOTAL TI FUNDS</b>			<b>39,600</b>	<b>40,000</b>	<b>37,200</b>
/1 TI funds are no-year funds. This adjustment includes (1) funds from the prior fiscal year, (2) funds used in the next fiscal year, and (3) collections, recoveries, and reimbursements.					
<b>FY-2006:</b> TI allocation is based on \$40.0 million appropriation less rescission. FY 2006 total does not include \$83.5 million in non-TI funds obligated or managed by OTI. <b>DRC:</b> World Bank MDRP \$4.75 million; <b>Liberia:</b> DA \$1.3 million; <b>Sudan:</b> DA \$9.1 million, IDFA \$18.5 million, ESF \$1.3 million; <b>Iraq:</b> IRRF \$35.03 million; <b>Sri Lanka:</b> ESF \$1.5 million; <b>West Bank/Gaza:</b> ESF \$5.4 million; <b>Bolivia:</b> DA \$0.76 million; <b>Haiti:</b> ESF \$4.0 million; <b>Venezuela:</b> ESF \$0.2 million, DA \$0.14 million.					
<b>FY-2007:</b> *A regular FY 2007 appropriation for this account had not been enacted at the time this budget was prepared. This account is operating under a continuing resolution. The amount included for FY 2007 in this budget reflects the level provided by the continuing resolution. Country allocations for FY 2007 will be made once a FY 2007 appropriation bill is enacted.					

## USAID OPERATING EXPENSES

Summary Budget Table – FY 2006-2008  
(\$ in thousands)

Sources	FY 2006 Actual	FY 2007 Estimate	FY 2008 Request
Operating Expenses, New Budget Authority	623,700	641,000 1/	609,000 2/
Supplemental	101,000	----	----
Total Appropriated	724,700	641,000	609,000
Other Sources 3/	14,873	143,235	49,303
Total Obligations	739,573	784,235	658,303

1/ Excludes \$5.7 M from the FY 2007 Proposed Supplemental for Afghanistan.

2/ Excludes \$61.8 M in the Global War on Terrorism (GWOT) Emergency funding for Afghanistan and Iraq.

3/ Other sources include Trust Funds and Special Authorities in the DA, CSH and ESF Accounts. It does not include program funds used in direct support of USAID programs.

The USAID support budget plays a vital role in Advancing Transformational Diplomacy. The Agency is committed to implementing structural and operational reforms that will strengthen and streamline the delivery of foreign aid. The Agency's Operating Expense (OE) resources request reflects the implementation of reforms and the realization of cost efficiencies. These resources are vital as the Agency strives to address foreign policy and development challenges in increasingly complex settings.

The FY 2008 request will allow USAID to maintain the workforce and improve management acumen to strengthen programs and support systems, as it faces the challenges of high retirement rates among our most experienced officers and significant costs to improve and consolidate infrastructure and information systems.

Uses of funds	FY 2006 Actual	FY 2007 Estimate	FY 2008 Request
Overseas Operations	409,960	417,763	339,500
Washington Operations	183,250	184,835	188,693
Central Support	146,363	181,637	130,110
Subtotal OE, TF and Special Authority Administrative Costs	739,573	784,235	658,303
<b>Program Funded Administrative Costs<sup>1/</sup></b>			
Foreign Service Limited (FSL) Appointments	47,240	67,265	81,285
Of which Junior Officer Placement Authority (JOPA)	[6,000]	[10,000]	[15,000]
Non-US Direct Hires	360,710	352,955	345,366
Other Administrative Costs	251,258	245,856	240,570
<b>Total OE and Program Administrative Costs</b>	<b>1,398,781</b>	<b>1,450,311</b>	<b>1,325,524</b>

<sup>1/</sup> Because the data presented here are part of a new effort to comprehensively report all funds used to support agency operations, they were based on a broad definition of "administrative" costs and were collected on an ad hoc basis using multiple sources of information. The actual figures are subject to change with additional analysis.

USAID Workforce	FY 2006 Actual	FY 2007 Estimate	FY 2008 Request
<b>U.S. Direct Hire Workforce Funded by Operating Expenses</b>			
End-of-year On-board Levels	2,040	2,060	2,050
Estimated Full-Time Equivalent Workyears	2,037	2,054	2,054
<b>Limited-Term program-Funded Appointments</b>			
End-of-year On-board Levels	190	220	230
Estimated Full-Time Equivalent Workyears	146	205	230

## Overseas Operations

(\$ in thousands)

Categories	FY 2006 Actual	FY 2007 Estimate	FY 2008 Request
Field Missions	300,871	287,362	206,005
USDH Salaries and Benefits	107,286	116,305	126,340
NEP/IDI Support		7,950	7,155
Facility Relocations – Overseas	1,803	6,146	----
<b>Total Overseas Operations</b>	<b>409,960</b>	<b>417,763</b>	<b>339,500</b>

**Field Missions:** This budget line item funds the following activities:

- *Residential and office rents, utilities, security guard costs, and communications.* These costs are largely non-discretionary.
- *Intergovernmental payments.* The majority is for payments of International Cooperative Administrative Support Services (ICASS). ICASS is the cost of administrative support provided to missions by other U.S. Government agencies (generally the Department of State). USAID's Working Capital Fund, which finances the costs associated with USAID's provision of services, is described later in this section.
- *Operational travel and training.* This category includes essential travel to visit development sites and work with host-country officials; other operational travel, including responses to disaster; and the costs of tuition and travel for training not sponsored by Washington.
- *Supplies, materials, and equipment.* This category includes the cost of replacing office and residential equipment, official vehicles, IT hardware and software, general office and residential supplies and materials, and some security-related equipment.
- *Mandatory travel and transportation.* This category includes travel and transportation expenses for post assignment, home leave, and rest and recuperation and the shipment of furniture and equipment.
- *Contractual support.* This category includes mission requirements for data-entry assistance and other administrative support provided through contracts.
- *Operation and maintenance of facilities and equipment.* This category includes the cost of operating and maintaining facilities and equipment at overseas missions.

**USDH Salaries and Benefits – Overseas:** This category includes salaries and the Agency share of benefits, such as retirement, thrift savings plan, social security, and health and life insurance for approximately 700 Foreign Service Officers serving overseas. Overseas salaries also include various post differentials including “difficult to staff incentives” for FSOs willing to extend tours at posts where harsh living conditions deter personnel from seeking assignments.

**NEP/IDI Support:** These funds are used for travel and training expenses for New Entry

Professional (NEP), International Development Intern (IDI) and Junior Officer staff. For the first three years of employment, staff in this category is supported centrally to provide the organizational flexibility to give them the widest breadth of experience before assigning them to a specific location and position. In addition, these funds will also support 40 Junior Officer Training positions overseas. While the funds are managed and budgeted centrally they are allocated to operating units as needed and are not reflected separately in the actual year's data.

### Washington Operations

(\$ in thousands)

Categories	FY 2006 Actual	FY 2007 Estimate	FY 2008 Request
Washington Bureaus/Offices	21,525	16,447	16,333
USDH Salaries and Benefits	161,725	168,388	172,360
<b>Total Washington Operations</b>	<b>183,250</b>	<b>184,835</b>	<b>188,693</b>

Washington Bureaus/Offices: The increase for FY 2008 from FY 2007 is a result of funding the Office of Military Affairs (\$2.9 M) with OE resources. This Office had been funded with program funds in prior years. In addition, the funds will provide resources for the following:

- Operational and training travel. This category includes essential travel to visit missions and development sites, work with host country officials, participate in training, and other operational travel, including travel to respond to disasters.
- Advisory and assistance services. This category includes manpower contracts and advisory services to support essential functions, such as preparation of the Agency's Financial Statements, voucher payment processing, and financial analysis.
- USDH Salaries and Benefits – Washington: This budget item includes salaries and the Agency share of benefits, such as retirement, thrift savings plan, social security, and health and life insurance, for approximately 1,580 general service and Foreign Service employees.

### Central Support

(\$ in thousands)

Categories	FY 2006 Actual	FY 2007 Estimate	FY 2008 Request
Security	10,259	12,888	9,888
Information Technology	52,619	62,568 <sup>1/</sup>	47,392 <sup>2/</sup>
Personnel Support	2,005	2,284	1,786
Staff Training	5,300	8,300	8,300
Washington Rent, Utilities, Support Costs	48,797	47,602	43,782
Implementing Reform	----	27,433	----
Other Agency Costs	27,383	20,562	18,962
<b>Total Washington Operations</b>	<b>146,363</b>	<b>181,637</b>	<b>130,110</b>

<sup>1/</sup> Includes \$2 million for Foreign Assistance Coordination and Tracking System (FACTS) funding and \$9.5 million for Implementing Reform activities.

<sup>2/</sup> Includes \$1.8 million for Homeland Security Presidential Directive 12 (HSPD-12).

## Security :

(\$ in thousands)

Account	FY 2006 Actual	FY 2007 Estimate	FY 2008 Request
Physical Security	8,063	11,769	8,769
Personnel Security	2,181	1,104	1,104
Information Security	15	15	15
<b>Total Security</b>	<b>10,259</b>	<b>12,888</b>	<b>9,888</b>

**The USAID central security (SEC) budget for FY 2008 represents a continuing effort to protect USAID employees and facilities against global terrorism and national security information against espionage. The budget is allocated among three major categories as detailed below.**

*Physical security* funding will cover (1) physical security enhancement projects at USAID facilities overseas; (2) enhancement of Emergency & Evacuation (E & E) voice radio systems; (3) procurement of armored vehicles, and (4) security costs associated with USAID Headquarters in Washington, DC. In FY 2008, USAID will:

- Complete 9 physical security enhancement projects at overseas posts where field missions cannot collocate with U.S. embassies because of insufficient space and there are no current plans to construct new embassies.
- Upgrade communications systems at 6 missions to provide USAID employees with 24-hour access to U.S. Embassy E & E voice radio networks at work, at home, and during transit.
- Provide 14 armored vehicles to posts where the threat of terrorism, war, or civil disturbance is considered critical or high and conduct training courses for USAID armored-vehicle drivers to enhance their driving skills and ability to respond properly to emergency conditions.
- Provide security equipment and guard services to protect personnel, safeguard facilities, and protect sensitive and national security information at USAID headquarters.

*Personnel security* funding will allow USAID to conduct required background investigations and periodic update investigations for all U.S. direct-hire personnel. It also covers required pre-employment investigations and security clearances or employment authorizations for contractors who will work in USAID office space.

*Information security* funding will allow USAID to maintain a mandatory security awareness program and Agency-wide interactive computerized training to protect national security and sensitive information.

## Information Technology (IT)

The USAID Information Technology (IT) budget for FY 2008 supports IT systems, infrastructure, and architecture, which is critical in helping USAID staff fulfill the Agency's mission.

*IT Systems* funding will support the management, operations, and maintenance of the suite of enterprise-wide, legacy, and database systems; the design, development, programming, and implementation of small, automated information-management systems; and additional costs to support the joint systems maintenance activities with the Department of State and new systems

being brought into production. USAID maintains financial, procurement, human resources, and other systems. Additionally, FY 2007 includes funding to support the Foreign Assistance Coordination and Tracking System.

*IT Infrastructure* funding will support the worldwide telecommunications operations and centralized network and server platforms in Washington. Given the vulnerability of international operations, USAID will review and improve IT systems and organizational security measures. For FY 2007, USAID is spending additional resources in IT long term investments in support of Agency reform efforts. For FY 2008 funding is included to support HSPD-12.

*IT Architecture, Planning and IRM Program Management* funding will support the costs associated with strategic planning, systems engineering, IT governance, and, configuration, contract, and program management.

**Personnel Support:** These funds are used for mandatory agency wide personnel support and workforce planning initiatives. This budget provides funds for the following activities:

- Funds required for AVUE and NFC renewals;
- Travel to Washington for new hires
- Mandatory retirement travel costs
- Agency Awards ceremony

**Staff Training :**

(\$ in thousands)

Categories	FY 2006 Actual	FY 2007 Estimate	FY 2008 Request
Executive and Sr. Leadership	800	1,000	1,000
Acquisition/Assistance Management	1,500	1,700	1,700
Supervision	300	550	550
Managing for Results (PAL)	200	700	700
New Entry Professional (including travel)	400	850	850
Core Prof. Skills (Lang./Computer/Other)	1,250	1,600	1,600
Agency Reforms/Technical Training	----	500	500
Distance Learning	150	300	300
Training Support Services	400	700	700
Training-related Services	300	400	400
<b>Total Staff Training Budget</b>	<b>5,300</b>	<b>8,300</b>	<b>8,300</b>

Continued investment in training is central to the FY 2008 implementation of the Agency Human Capital Strategy. Training activities will ensure the Agency builds a more flexible workforce and enhances its capacity to respond to the ever-increasing demands placed on USAID development experts. Training programs will focus on:

- Identifying the skills needed for a world-class 21<sup>st</sup>-century development agency
- Analyzing the gaps between skills needed and those available within the Agency
- Implementing the most cost-effective training models to close the skills gaps, including the use of the blended-learning approaches that combine classroom and distance learning

- Eliminating duplication in a variety of skills, project management, and leadership courses
- Maintaining the learning management system that will accurately capture employee training data, deployment set for FY 2007
- Continuing the After Hours tuition assistance programs

The training strategy will rebuild and retool the core of the Agency workforce and ensure that newly hired employees receive the training needed to do their jobs effectively. In FY 2008, USAID will:

- Train up to 250 employees in leadership
- Increase the rate of certification of CTOs and technical officers
- Provide mandatory training for all supervisors
- Continue training in languages, security, and retirement planning
- Training staff in cultural sensitivity

Approximately 60% of the request will support the Human Capital Strategy while the remaining 40% will fund fixed recurring requirements, such as language, procurement and security training.

**Washington Rent, Utilities, Support Costs:** In FY 2008, payments for office rent, utilities, and building specific and basic security for the Ronald Reagan Building and warehouse space in the metropolitan area are estimated at \$38.1 million, 87% of this budget category. The remainder of the request is relatively fixed, required for building and equipment maintenance and operations, postal fees, APO, bulk supplies, transit subsidies, health and safety, long-term storage and other general support costs for headquarters personnel.

**Other Agency Costs:** The request for other Agency costs covers primarily mandatory costs, the largest being payments to the Department of State for administrative support and dispatch-agent fees and Department of Labor for employee medical and compensation claims relating to job-related injury or death. This category includes travel and related costs associated with the Foreign Service panels, and funding for medical, property, and tort claims.



USAID's operating expenses are financed from several sources, including new budget authority, local currency trust funds, reimbursements for services provided to others, recoveries of prior year obligations, and unobligated balances carried forward from prior year availabilities. The table below shows the details.

**TOTAL AVAILABLE OE FUNDS**

(\$ in thousands)

	<b>FY 2006</b>	<b>FY 2007</b>	<b>FY 2008</b>
<b>Appropriated Funds</b>			
Enacted Level	630,000	641,000	609,000
Rescission	(6,300)		0
Supplemental	101,000	0	0
Subtotal	724,700	641,000	609,000
<b>Non-Appropriated Funds</b>			
Trust Funds (AFR,ANE,LAC)	19,970	19,414	18,308
Reimbursements	4,657	4,500	4,500
Andean Initiative (LAC)	7,800	7,800	7,800
DA/CSD Travel	10,920	695	695
East Timor (ANE)	1,626	1,000	1,000
West Bank Gaza	1,592	---	2,000
ESF – MEPI Administrative Funds	1,000	---	---
CSD – HIV/AIDS Administrative Funds	5,484		
Unobligated Balance – Start of Year	49,529	109,826	15,000
<i>Of which:</i>			
<i>Iraq/Afghanistan/Sudan Supplemental</i>	<i>24,400</i>	<i>64,800</i>	
Recovery of Prior Year Obligations	22,144	12,000	12,000
Ending Balance–Current Year Recoveries	-22,144	-12,000	-12,000
Ending Balance – Other Funds	-87,705	---	---
Subtotal	14,873	143,235	49,303
<b>Total Available</b>	<b>739,573</b>	<b>784,235</b>	<b>658,303</b>

## Program-Funded U.S. Direct Hires (USDH)

(\$ in thousands)

Categories	FY 2006 Actual	FY 2007 Estimate	FY 2008 Request
Washington Bureaus/Offices	47,240	67,265	81,285

The FY 2006 Foreign Operations legislation provides USAID with a Non-Career Foreign Service Officer hiring authority. As with the FY 2005 legislation, this authority allows USAID to use program funds to convert up to 175 personal services contractor or other non-USDH positions into limited-term direct-hire appointments, *i.e.* Foreign Service Limited (FSL). This authority follows FY 2004 appropriation language that allowed USAID to use program funds to employ 85 limited-term direct-hire employees in FY 2004. The primary objective of this initiative is to place responsibility for the conduct of inherently governmental functions in the hands of government employees, not contract staff.

With these authorities in FYs 2004 - 2008, the Agency will increase its USDH workforce by 230 by FY 2008, while decreasing its non-USDH workforce by approximately the same number. The 2004 appropriation did not prohibit missions from outside hiring of FSLs or from replacing non-USDH staff that converted to FSLs. Most of the original 85 hires were converts from existing non-USDH staff and were not replaced. The FSLs hired under the 2005 legislative authority placed conditions requiring that each USDH appointment would be accompanied by a reduction in a non-USDH position. The FSL positions are usually less expensive than the non-USDH they replaced due to the elimination of overhead costs paid to third parties.

Within the overall \$81.3 million limitation USAID will obligate up to \$15 million for the support costs of junior officers deployed overseas using program funds. The payroll costs for these junior officers will be funded by the operating fund account. For each junior officer supported by program funds there will be a reduction of a program funded non-direct hire.

## USAID Capital Investment Fund

(\$ in thousands)	FY 2006 Actual	FY 2007 Estimate	FY 2008 Request
USAID Capital Investment Fund	69,300	75,942	126,000

For FY 2008, the Administration requests **\$126 million** in no-year funding for the Capital Investment Fund (CIF) to provide USAID to manage investments in information technology and facility construction. CIF provides funding for the capital investment portion of both information technology and facility construction while the USAID Operating Expense account funds the annual operating and maintenance costs of information systems and facilities infrastructure.

### USAID CIF funding snapshot

- **\$99.5 million** for facility construction to fund USAID’s participation in the Capital Security Cost Sharing Program (CSCS). The Secure Embassy Construction and Counterterrorism Act of 1999 requires USAID to co-locate on new embassy compounds. These funds will support USAID’s ability to move into facilities that meet standards for physical security.
- **\$26.5 million** for information technology to modernize antiquated software systems and invest in the integration of financial systems with State, improve the procurement process, participate in e-government initiatives, and improve the Agency’s reporting systems. These investments support Presidential Management Agenda initiatives, Agency transformation goals, congressional recommendations, and the efficiency of Agency staff.

### Statement of Changes

The CIF request reflects an 82 percent increase from FY 2006 to cover USAID’s full cost of participation in the CSCS program. FY 2008 is the fourth year of the five year phase-in period for financing the CSCS program. During the phase-in period, the cost of participation increases annually.

## USAID Foreign Service Retirement and Disability Fund

(\$ in thousands)	FY 2006 Actual	FY 2007 Estimate	FY 2008 Request
USAID Foreign Service Retirement and Disability Fund	42,000	38,700	36,400

In FY 1974, amendments to the Foreign Assistance Act of 1961, as amended, permitted USAID career Foreign Service employees to become participants in the Foreign Service Retirement and Disability Fund.

The extension of coverage to USAID employees created an unfunded liability in the system. An actuarial determination by the Department of the Treasury shows that \$36,400,000 will be required in FY 2008 to amortize this liability and the unfunded liability created by pay raises and benefit changes since FY 1974. For FY 2008, USAID is requesting an appropriation of this amount.

## USAID Inspector General Operating Expenses

(\$ in thousands)	FY 2006 Actual	FY 2007 Estimate	FY 2008 Request
USAID Inspector General Operating Expenses	35,640	37,915	38,000

The FY 2008 request of **\$38.0 million** for the USAID Office of the Inspector General (OIG) funds salaries and benefits for Washington and overseas staff and operating expenses which support audit and investigative coverage of USAID programs and activities.

The OIG assists USAID in implementing its programs by providing the Agency with information and recommendations to improve program and operational performance. The OIG also works with USAID to protect and maintain the integrity of the Agency and its programs.

## SUPPLEMENTALS SUMMARY TABLE

### FY 2006 Supplemental FY 2007 Global War on Terror (GWOT) Supplemental FY 2008 Global War on Terror (GWOT) Emergency

by Country and Account

(\$ in Thousands)

	2006 Supp	2007 Supp	2008 Supp
<b>TOTAL</b>	2,881,030	4,812,700	1,366,800
<b>CSH</b>	113,000	161,000	-
Haiti	2,500	-	-
Pakistan	5,300	-	-
Avian Influenza (GH)	105,200	161,000	-
<b>DA</b>	16,500	-	-
Guatemala	6,000	-	-
Pakistan	10,500	-	-
<b>DF</b>	22,500	-	-
Democratic Republic of the Congo	2,500	-	-
Iran	20,000	-	-
<b>ERMA</b>	-	30,000	-
Population, Refugees, and Migration (PRM)	-	30,000	-
<b>ESF</b>	1,681,000	3,025,000	1,111,000
Afghanistan	43,000	653,000	339,000
Haiti	17,500	-	-
Iraq	1,480,000	2,072,000	772,000
Jordan	50,000	-	-
Lebanon	-	300,000	-
Liberia	50,000	-	-
Pakistan	40,500	-	-
<b>FMF</b>	-	220,000	-
Lebanon	-	220,000	-
<b>IDFA</b>	217,630	105,000	-
Iraq	-	45,000	-
Sudan	66,300	40,000	-
Somalia	-	20,000	-
DCHA Contingency	151,330	-	-
<b>INCLE</b>	107,700	260,000	159,000
Colombia	16,300	-	-
Iraq	91,400	200,000	159,000
Lebanon	-	60,000	-
<b>MRA</b>	75,700	71,500	35,000
Iraq	-	15,000	35,000
Population, Refugees, and Migration (PRM)	75,700	56,500	-
<b>NADR</b>	-	27,500	-
Afghanistan	-	15,000	-
Iraq	-	7,000	-

**FY 2006 Supplemental  
FY 2007 Global War on Terror (GWOT) Supplemental  
FY 2008 Global War on Terror (GWOT) Emergency**

by Country and Account

(\$ in Thousands)

	2006 Supp	2007 Supp	2008 Supp
Lebanon	-	5,500	-
<b>PKO</b>	178,000	278,000	-
Sudan	116,000	150,000	-
Political-Military Affairs (PM)	57,000	128,000	-
Africa Regional	5,000	-	-
<b>PL480</b>	350,000	350,000	-
Afghanistan	-	30,000	-
Ethiopia	21,500	-	-
Kenya	49,500	-	-
Somalia	54,000	-	-
Sudan	225,000	150,000	-
DCHA Contingency	-	170,000	-
<b>SEED</b>	-	279,000	-
Kosovo	-	279,000	-
<b>IRRF</b>	5,000	-	-
Iraq Relief and Reconstruction Fund	5,000	-	-
<b>USAID OE</b>	101,000	5,700	61,800
USAID Operating Expenses (OE)	101,000	5,700	61,800
<b>Department of Treasury</b>	13,000	-	-
Treasury Technical Assistance	13,000	-	-

**FY 2006 Supplemental**  
by Country and Program Element

<b>TOTAL</b>	2,881,030
<b>Afghanistan *</b>	43,000
4.1.2 Monetary policy	11,000
4.4.1 Modern Energy Services	27,000
4.5.1 Agricultural Enabling Environment	5,000
<b>Colombia *</b>	16,300
1.4.3 Interdiction	13,000
2.1.3 Justice System	3,300
<b>Democratic Republic of the Congo *</b>	2,500
2.3.2 Elections and Political Processes	2,500
<b>Ethiopia *</b>	21,500
5.1.2 Crisis Assistance and Recovery	21,500
<b>Guatemala *</b>	6,000
4.7.3 Strengthen Microenterprise Productivity	1,050
5.1.2 Crisis Assistance and Recovery	4,250
5.2.2 Mitigation	700
<b>Haiti *</b>	20,000
1.6.1 Conflict Mitigation	12,500
2.1.1 Constitutions, Laws, and Legal Systems	500
2.1.2 Judicial Independence	1,500
2.1.3 Justice System	3,000
3.1.6 Maternal and Child Health	2,500
<b>Iran</b>	20,000
2.4.1 Civic Participation	20,000
<b>Iraq</b>	1,571,400
1.3.1 Operations Support	277,000
1.6.2 Peace and Reconciliation Processes	2,000
2.1.3 Justice System	124,400
2.2.1 Legislative Function and Processes	18,220
2.2.2 Public Sector Executive Function	105,000
2.2.3 Local Government and Decentralization	150,610
2.4.1 Civic Participation	76,170
2.4.2 Media Freedom and Freedom of Information	3,000
3.1.8 Water Supply and Sanitation	300,000
4.1.1 Fiscal policy	20,000
4.4.1 Modern Energy Services	300,000
4.6.3 Workforce Development	175,000
4.7.3 Strengthen Microenterprise Productivity	20,000
<b>Jordan *</b>	50,000
4.1.2 Monetary policy	34,000
4.2.1 Trade and Investment Enabling Environment	8,000



4.3.2 Financial Services	3,000
4.6.1 Business Enabling Environment	5,000
<b>Kenya *</b>	<b>49,500</b>
5.1.2 Crisis Assistance and Recovery	49,500
<b>Liberia *</b>	<b>50,000</b>
1.3.2 Disarmament, Demobilization & Reintegration (DDR)	17,300
1.3.7 Law Enforcement Restructuring, Reform and Operations	2,000
2.1.1 Constitutions, Laws, and Legal Systems	980
2.1.3 Justice System	2,720
2.2.3 Local Government and Decentralization	9,500
2.3.2 Elections and Political Processes	1,960
2.3.3 Political Parties	1,470
2.3.4 Program Support (Political Competition)	70
4.4.1 Modern Energy Services	4,900
4.4.3 Transport Services	9,100
<b>Pakistan *</b>	<b>56,300</b>
5.1.2 Crisis Assistance and Recovery	52,300
5.1.3 Program Support (Protection)	4,000
<b>Somalia *</b>	<b>54,000</b>
5.1.2 Crisis Assistance and Recovery	54,000
<b>Sudan *</b>	<b>407,300</b>
1.3.1 Operations Support	116,000
5.1.2 Crisis Assistance and Recovery	291,300
<b>DCHA Contingency</b>	<b>151,330</b>
3.1.4 Avian Influenza	56,330
5.1.1 Protection and Solutions	1,048
5.1.2 Crisis Assistance and Recovery	69,897
5.1.3 Program Support (Protection)	12,266
5.2.1 Capacity Building, Preparedness, and Planning	11,067
5.2.2 Mitigation	722
<b>Global Health - Avian Influenza (GH)</b>	<b>105,200</b>
3.1.4 Avian Influenza	105,200
<b>Political-Military Affairs (PM)</b>	<b>57,000</b>
1.3.1 Operations Support	57,000
<b>Population, Refugees, and Migration (PRM)</b>	<b>75,700</b>
5.1.1 Protection and Solutions	30,464
5.1.2 Crisis Assistance and Recovery	45,236
<b>STATE Africa Regional</b>	<b>5,000</b>
1.3.1 Operations Support	5,000

<b>IRRF</b>	<b>5,000</b>
Iraq Relief and Reconstruction Fund	5,000
<b>USAID OE</b>	<b>101,000</b>
USAID Operating Expenses (OE)	101,000
<b>Department of Treasury</b>	<b>13,000</b>
Treasury Technical Assistance	13,000

## **FY 2007 Global War on Terror (GWOT) Supplemental**

The FY 2007 supplemental request totals **\$4.81 billion** in the following accounts.

### **Assistance for Eastern Europe and the Baltic States (SEED)**

**Kosovo** - The **\$279 million** FY 2007 supplemental request will support the outcome of the political process under the auspices of UN Special Envoy Martti Ahtisaari to determine Kosovo's status. As settlement, expected to be completed early this year, will fall outside of the normal budget process, we are requesting significant resources to support the outcome. Immediate needs for Kosovo's future growth and stability will include building government sector capacity, solidifying the rule of law, and developing much-needed infrastructure.

Supplemental SEED funds will cover the operational and staffing costs of USG participation in the International Civilian Office, which will oversee implementation of the settlement; and possible U.S. participation in the EU-led civilian rule of law mission. FY 2008 SEED and IMET funds will target the development of Kosovo's security institutions in accordance with any recommendations from the status settlement through English language training, human rights and rule of law training. Funds will also support the Kosovo Police Service through training and capacity-building; provide conflict mitigation services, and target trafficking and other transnational threats.

The USG has committed to providing assistance to those ethnic minorities who choose to return to Kosovo. USG humanitarian assistance will assist these returnees with reintegration into Kosovo's society and the rebuilding of their livelihoods. SEED supplemental funds may be used as a contribution to reduce any share of Serbia's international debt that Kosovo may inherit. FY2008 SEED funds will focus on developing Kosovo's economic integration regionally and internationally, by incorporating international standards in the public and private sectors; and by targeting critical infrastructure needs. Supplemental SEED funds will also support the development of Kosovo's security structures, the legal conversion from UNMIK to final status, and will target capacity-building in key central institutions. FY 2008 programs in this area will fund projects to support decentralization; to strengthen justice sector institutions; and to support political party development and civil society.

Together these efforts will support implementation of the standards, promote economic and democratic development in Kosovo, and help stabilize the region. The European Union and IFIs would, however, bear the brunt of these costs, which could be as high as \$2 billion. "Frontloading" of U.S. assistance immediately post-status through an FY 2007 supplemental will promote stability and economic growth, enable quicker reduction of U.S. troop presence in Kosovo, prevent additional debt-service costs, and leverage greater contributions from other donors.

### **Child Survival and Health Programs (CSH)**

**Avian Influenza** – The President requests **\$161 million** to be able to maintain and expand its efforts to stop the spread of the avian flu virus and pre-empt the emergence of a virus capable of causing a global influenza pandemic. The success of USAID's efforts over the past year has been closely linked to the rapid commitment and obligation of available funds in support of emergency

field operations. At current expenditure-rates, USAID expects AI funds will be fully spent by the summer of 2007.

Recent events have highlighted the need for the earliest possible receipt of emergency supplemental for avian influenza. Over the past 5 weeks outbreaks of avian influenza involving both poultry and humans have been reported in a dozen countries spanning Asia, Europe and Africa, with new mutations reported in countries as dispersed as Egypt and Indonesia signaling that the virus continues to change rapidly. The threat posed by the avian influenza virus is expected to continue to increase in the coming months. This recent surge in reported AI outbreaks is consistent with the seasonal surge reported during the first six months of 2006 when the H5N1 virus spread with unexpected speed across 53 countries.

The additional resources will further enable USAID to meet the core goal of the international component of the US Government's Implementation Plan to the National Strategy for Pandemic Influenza: *to stop, slow, or limit the spread of infection to the United States by building international capacity to prevent, detect, and limit the spread of animal and human pandemic influenza.*

The National Implementation Plan called on federal agencies and departments to undertake 86 specific actions within 12 months to expand U.S. foreign assistance for enhancing preparedness and communications, improving surveillance and detection, and strengthening capacity for response and containment. USAID responded during FY06 by expanding its AI assistance to include 53 countries and regional programs in all the priority and at-risk regions, providing aggressive U.S. leadership in support of a comprehensive international response.

### **International Disaster and Famine Assistance (IDFA)**

The IDFA supplemental request of **\$105 million** includes funding for the following programs:

**Sudan** - The request for **\$40 million** in FY 2007 supplemental funding will ensure the USG's continued ability to provide humanitarian assistance to 1.9 million internally displaced persons (IDPs) and host communities in the more than 60 IDP camps in which we work. The funding would allow the USG expand access to communities and remote and rural areas, security permitting, laying the foundation for returns. The funding would also build upon nascent efforts at conflict mitigation among critical groups, including nomads and pastoralists. Key sectors to be targeted include health, water and sanitation, food security, which includes agricultural and livestock requirements, relief commodities, logistics and transport of humanitarian goods and partners, and shelter and livelihoods support (such as fuel efficient stoves which also protect women from Sexual and Gender-Based Violence (SGBV), and shelter needs in Darfur). A small portion of the funding would support relief needs of host communities of Darfurian refugees and the increasing number of IDPs in Eastern Chad. These non-food humanitarian projects have proven essential to mitigating tension and conflict between Darfurian refugees and host Chadian communities.

**Other** -This request provides **\$65 million** to carry out unanticipated humanitarian assistance activities or to replenish costs incurred as a result of the humanitarian crises in Iraq and Somalia. The request includes funds for continued support for humanitarian needs of persons affected by the violence in Iraq, and to meet emergency needs arising from the current humanitarian crisis in Somalia.

The request would support expansion of the current IDP response in Iraq, to meet the needs of an increased number of beneficiaries. Although the recent intensification of conflict in Somalia has not resulted in an immediate escalation of humanitarian needs, substantial emergency needs exist as a result of over a decade of repeated. Currently, more than 1.8 million vulnerable Somalis are without consistent access to basic health, nutrition, water, or sanitation services. In order to support the stabilization of the country, Somalis must have access to basic services, which is currently constrained by insecurity and a lack of access.

### **Economic Support Funds (ESF)**

The request of **\$3.025 billion** additional ESF includes funds for the following programs:

**Iraq** – The **\$2.072 billion** ESF request supports the Government of Iraq's efforts to stabilize the country, bolster the economy, and achieve national reconciliation. This funding is essential for the success of the USG civilian surge, expanding the presence of Provincial Reconstruction Teams (PRTs) and enabling USG agencies to decentralize and diversify their civilian presence and assistance to the Iraqi people. The request level is necessary to ensure that assistance reaches across all of Iraq and improves coordination of USG programs critical to stability, including Iraqi Provincial Reconstruction Development Councils (PRDC) and USAID's Local Governance, Community Stabilization, and Community Action Programs. It will also ensure that foreign assistance is coordinated with military resources, including the Commanders' Emergency Response Program, in a common strategic plan that sustains stability and fosters Iraqi self-sufficiency in areas that have made security gains. PRTs will support local moderate Iraqi leaders through targeted assistance to foster new businesses, create jobs and develop provincial capacity to govern in an effective and sustainable manner.

In the economic area, funding will set the foundations for long-term growth, assisting Iraqis reform key sectors of the economy, including agriculture, Iraq's second largest employer. These programs will increase commercial lending and access to capital through micro-finance and banks, and will provide a range of business development services for companies in key sectors of the economy on how to operate in a free market. Funding will also expand programs for non-agricultural businesses.

FY07 Supplemental funding is critical to building Iraqi self-reliance, expanding current efforts to improve the institutional capacity of key Iraqi ministries to address the needs of the Iraqi people. Efforts will focus on the development of critical management capabilities, such as budget formulation and execution, which will improve services and enhance the governance capacity of Iraq's executive branch. Project management units will be established to help ministries execute their budgets, bringing tangible benefits to the Iraqi people. Funding will support the Iraqi Government's efforts to reduce unemployment through improvements in economic governance that promote the growth of the private sector.

Funding is requested to expand democracy and governance programs to support greater engagement with political parties, civil society organizations, and national political institutions, such as parliament. These programs will also seek to support the development of an independent media, pursue national reconciliation, and promote women's rights and human rights.

**Lebanon** – The FY 2007 supplement request is **\$300 million**. Working with the IMF, the Government of Lebanon is launching an ambitious economic reform agenda. The U.S. intends to support this agenda with direct budget support to the Siniora Government conditioned on

achievement of select reforms. Our focus on economic stabilization and fiscal responsibility on the part of the Lebanese Government is intended not only to enhance the Government's credibility in the eyes of its people and the international community, but to lay the groundwork for Lebanon's long-term political stability and economic opportunity.

To strengthen the capacity of the Government of Lebanon to function and be viewed as a national and local force to help forestall future conflict, the U.S. will invest in efforts to strengthen the Lebanese municipalities to perform government functions and provide public services. In the justice sector, the U.S. will address persistent rule of law problems and work to enhance court administration. Efforts will also be undertaken to promote consensus building through support of a competitive and representative political framework, including support to the independent electoral commission and democratic political parties.

The U.S. will continue to work in the Lebanese educational sector by addressing sorely needed upgrades to primary and secondary educational facilities nationwide, with a particular emphasis on areas where Government of Lebanon control may be weak. Upgrades will include the provision of laboratories, books, computers, and classroom furniture.

**Afghanistan** – The FY 2007 Supplemental request of **\$653 million** funds those reconstruction efforts that are critical elements of our strategy to achieve security and development in Afghanistan. Supplemental funding primarily focuses on expanding reconstruction efforts in provinces that have been targeted by Taliban and other insurgents. These efforts include accelerating power supply distribution, building high priority roads in Afghanistan's south and southeastern regions, expanding rural development programs, and strengthening governance in targeted provinces. The FY 2007 Supplemental funds will support the Northeastern Power System, an effort to supply Kabul and Afghanistan's northern cities with both local and imported powers, and thereby reduce U.S. funding spent on expensive, short-term diesel fuel purchases. Funding for roads will support key district and provincial roads in the South and the East and road segments that are of strategic military importance.

In addition, the Supplemental will support a critical expansion of alternative economic development initiatives into un-served areas with the potential for increased poppy cultivation. Creating and sustaining improved livelihoods, particularly in rural areas, is a key pillar in the counter-narcotics strategy of the Governments of Afghanistan and the United States. The Supplemental will also permit the necessary deepening and diversification of U.S. efforts to strengthen provincial governance. As the post-Bonn center of gravity for reconstruction and developments shifts from Kabul to the provinces, Provincial Reconstruction Teams are more vital than ever as a primary tool to strengthen provincial governance and thus support transformational diplomacy and development. Support will include infrastructure, tools, and training to help build responsive, sub-national governance.

Activities will be concentrated in the south and east in support of counterinsurgency efforts. Near-term funding is critical to tip the balance of Afghan support for democratic governance so that reconstruction and development programs can successfully serve as incentives for peace and reconciliation and thus rob the Taliban and others of the critical support necessary for the continuance of the insurgency and ability to further destabilize the southern and eastern region of Afghanistan.

*Roads (\$342 million):* This request provides funding for strategic military roads, provincial roads, and critical district roads in the South and East. The importance of these roads is three-

fold: (1) they will promote economic development both through immediate employment during construction, and the longer-term improved access to markets for agricultural products and other goods produced in rural areas; (2) the roads will promote improved governance by better connecting isolated districts with little state presence to provincial capitals, and will facilitate a two-way flow of officials into the hinterlands to better address needs and rural residents to the capitals to seek assistance, express grievances, and communicate in-person with officials; and, (3) security will be enhanced both during the course of construction and by permitting vastly enhanced mobility of security forces, particularly the police. This funding will complete provincial roads in Taliban-resurgent zones to spur alternative livelihood and economic development in the poppy growing area, signal the presence of the GoA and international community, and enhance the rapid response capability of security forces.

*Power (\$40 million):* Currently only 7% of Afghanistan's population has access to electricity. Limited access to power hinders economic growth and stifles productivity. This request meets critical needs in the Northeastern Power System (NEPS), including helping to complete construction of the Sheberghan Power Plant. This funding is needed urgently in FY 2007 so that the Turkmenistan-Sheberghan power transmission line can be built and put into commercial operation by the end of 2009. Without the construction of this line, reliable gas-generated power from Turkmenistan will not be available, and 11 million power consumers in northern and eastern Afghanistan will only have access to more expensive power from Tajikistan and Uzbekistan. As a result of the timely construction of this line, power in northern Afghanistan will cost only 3-5 cents per kilowatt-hour as opposed to as much as 40 cents per kilowatt-hour, and diesel fuel imports will no longer be necessary. The ultimate result of these funds will be reliable and stable operation of NEPS by the end of 2009, which will lead to the delivery of low cost power for the economic development of northern and eastern Afghanistan, laying the foundation for regional power trade between Central and South Asia. The completion of the plant will also strengthen the Government of Afghanistan's hand when negotiating Power Purchase Agreements with neighboring Central Asian countries.

*Rural Development (\$120 million Alternative Livelihoods and \$13 million Agriculture):* Creating and sustaining improved livelihoods, particularly in rural areas, is the Government of Afghanistan's overall development priority. The majority of the supplemental request is necessary for expansion of USAID-administered alternative livelihood initiatives into un-served areas of an estimated four new provinces with the potential for increased poppy cultivation. The remaining funding will allow for the intensification of current activities in some of the current provinces experiencing increased poppy production and thus targeted for increased attention including mandatory eradication. Intensive alternative livelihood programming expanded into an additional four provinces, for a total of 13 should produced significant declines in poppy production beginning in the 2007-2008 poppy growing season, assuming the other four pillars of the counter-narcotics strategy continue to operate successfully.

Successful rural development in an overwhelming agrarian society such as Afghanistan's requires not only well-conceived and implemented alternative livelihood programs, but also those in the more traditional agriculture sector. Such programming must run the spectrum from farm-to-market, address both horticulture and livestock production, cover not only small-scale household farming, but also value-added processing of agricultural products undertaken by a variety of agrobusinesses, and support the sectoral reforms needed as a basis for a modern agricultural economy. This request will fund a new flagship initiative in the sector, the "Accelerating Sustainable Agriculture Program," to expand into a strategically important part of Afghanistan, the southeast. While agricultural potential in the southeast is relatively low compared with other parts of Afghanistan, USAID assessment missions during the past year have determined that much

improvement in agricultural and livestock productivity could be gained at a relatively low cost. These are largely Pashtun tribal areas, and they have been historically underserved by development efforts, including since the fall of the Taliban, for a variety of reasons including during past years an uncertain security situation. Successful work in these areas has gone a long way towards pacifying the region and this program will help further stabilize the environment.

*Governance Capacity Building (\$21 million):* Strengthening Afghan human capital and institutions must be an integral part of rebuilding the country. Afghanistan is willing, but incapable, of leading its own sustainable development without strengthened capacity. An eventual end to donor dependency hinges on it. The Government's lack of capacity has increased popular dissatisfaction with the government and has emboldened the Taliban and other insurgents that seek to destabilize the current political order. Only by strengthening the Government's security forces and increasing its effectiveness, responsiveness, transparency, and ability to deliver services will the Afghan state permanently displace the Taliban and other armed insurgents. The new, multi-year Afghans Building Capacity program will build capacity in the public, private and non-profit sectors, both in Kabul and the provinces. This funding will strengthen the national-level institutions responsible for all aspects of sub-national governance, including the Ministry of Interior, Ministry of Economy, Ministry of Finance, as well as others, such as the Ministry of Communications and Information, and Ministry of Rural Reconstruction and Development, involved with the Policy Action Group (PAG) process led by President Karzai and his National Security Advisor. These efforts must commence now in order to counter an emboldened insurgency, and address one of the underlying causes of the present conflict, which are poor governance, weak capacity, and the inability of the Afghan government to provide basic services to its people.

*Provincial Reconstruction Teams/Provincial Governance (\$117 million):* This request will permit the immediate necessary deepening and diversification of support for strengthening provincial governance and enabling Afghan governors to take control of their provinces. Local government authorities must be urgently strengthened to counter the governance vacuum that has enabled the Taliban and other anti-government elements to return unchallenged; local government must be responsive, accountable, and effective if it is to retain the loyalty of the Afghan people. Requested support will strengthen governance and counter the insurgency by providing the infrastructure, tools, training, and technical assistance necessary to enable local leaders to carry out effective, responsive sub-national governance. The majority of the funding would be concentrated in the south and east in support of counterinsurgency efforts. Funds would also be allocated to community infrastructure, particularly priorities identified through the participative, consultative process developed by the Government of Afghanistan, using Provincial Reconstruction Teams. This request would also provide training and other capacity building of sub-national officials, including conflict mitigation work and working with traditional and formal forms of local governance, including tribal elders, shuras, and community development councils.

### **Foreign Military Financing (FMF)**

**Lebanon** -- The request for **\$220 million** will help to ensure the success of Nations Security Council Resolution 1701, which relies in part on the performance of the Lebanese Armed Forces (LAF), a multi-confessional, highly motivated, but drastically under-equipped force. United Nations Security Council Resolution 1701 ended the recent conflict between Israel and Hizbollah and tasked the Government of Lebanon with securing its borders and exercising sovereignty throughout the country. The LAF did not wait for international assistance to deploy some 15,000 troops to south Lebanon and another 8,600 troops to the

Syria-Lebanon border. However, significant amounts of training and equipment are needed to sustain these deployments and complete implementation of UNSCR 1701.

The United States, UK, and France have conducted recent assessments of the LAF's training and equipment needs. These were updated in cooperation with the GOL after the ceasefire to reflect the LAF's expanded role under UNSCR 1701; not surprisingly, the LAF's requirements have expanded as well. Assistance to the LAF currently planned by the international community will only address a small portion of these requirements. We have identified at least \$220 million in training and equipment necessary for the LAF to fully implement UNSCR 1701.

### **Treasury International Affairs Technical Assistance (TIATA)**

**Department of Treasury Office of Technical Assistance** -- The **\$2.75 million** request is to enable Treasury's Office of Technical Assistance to deepen its engagement with the Government of Iraq (GOI). Based on new requirements and requests from the GOI, the funding will enable the U.S. to field new advisors including expanded assistance to the Central bank on banking law, and the Ministry of Finance on budget execution. The funds will also permit the creation of a new program with the Iraq Council of Representatives on budget and financial matters. Finally, the funding will enable the U.S. to participate in a new, innovative, and multilateral approach to public financial management training in partnership with the World Bank.

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

The supplemental request of **\$260 million** includes funds for the following programs.

**Iraq** – The FY 2007 supplemental request for **\$200 million** will strengthen judicial processes and criminal justice required to stabilize Iraq, and allow funding of the most critical elements of development of the criminal justice system, anti-corruption, and corrections capacities, through training, technical assistance, equipment, infrastructure improvements, security enhancements, and jail/prison construction. This funding is critical to the success of the Baghdad Security Plan, allowing the judicial sector to efficiently process the large number of pre-trial detainees expected under the new plan. The overarching strategy to which this funding will contribute is to help build a criminal justice system that is sufficiently fair and effective that Iraqi citizens will trust in and turn to government institutions, not violent militias and other forms of “alternative justice,” to resolve disputes.

*Rule of law:* Supplemental funding will focus on the most pressing priorities essential to both the success of the new Baghdad Security Plan and the longer-term goals of helping build a democratic society based on the rule of law. Those priorities include (1) judicial and court security - protecting judges, witnesses, court staff, and court facilities so that court proceedings can take place in an environment relative free from intimidation; (2) training and mentoring judges, prosecutors, and judicial investigators in the legal matters and skills necessary to process criminal cases fairly and efficiently; (3) integrating the various components of the judicial system so that defendants do not fall through the cracks – guilty persons are not erroneously released and the innocent are not erroneously detained; and (4) supporting anticorruption efforts so as to enhance citizens' trust in their government and accountability on the part of that government.



*Corrections:* Funds will be used to address capacity issues, overcrowding and human rights concerns within Iraq's jail and prison systems. Specifically, it will fund construction of additional jail/prison beds and provision of technical assistance to the Iraqi Corrections Service (ICS), including to support the expansion of the service as it takes over pre-trial detention responsibilities from the Ministry of Interior and new prison space comes on line.

**Lebanon** – The FY 2007 supplemental request of **\$60 million** will support the Internal Security Forces (ISF), a force that will play a critical role in support of implementation of UNSCRs 1559 and 1701. In particular, the Internal Security Force has assumed responsibility for guarding Lebanon's ports, airports, and borders as well as fulfilling a traditional counterterrorism role. The ISF's capability to undertake these critical missions is woefully inadequate. The force is expanding quickly, but new personnel urgently require training and personal equipment, including uniforms, body armor, personal weapons, communications equipment, vehicles and other items. The U.S. is developing a train and equip program to address the ISF's critical needs. Assistance will also be required for the customs service to strengthen monitoring and interdiction capabilities, especially at ports of entry and land border crossings.

### **Migration and Refugee Assistance (MRA)**

The 2007 request provides **\$71.5 million** for unforeseen refugee and migration emergencies in Burundi, the Democratic Republic of Congo, and to assist Iraqi refugees and conflict victims, and address the emergency needs of Palestinian refugees. The request would support ongoing repatriation efforts in DRC and Burundi that ramped up in FY 2006. There remain 370,000 Burundi refugees in Tanzania, and several thousand in Rwanda and the DRC. There are over 400,000 DRC refugees in neighboring countries and the peaceful, democratic transformation currently underway, elections in November 2006 paved the way for refugees to return to DRC in 2007. These return operations are critical to the lasting stability and recovery of both Burundi and the DRC.

Funds would support UNHCR, ICRC, and NGO requirements to assist Iraqi refugees in neighboring countries and conflict-affected populations in Iraq. This funding would support the estimated 1,800,000 Iraqi refugees living in increasingly deteriorating conditions in the region (especially Jordan and Syria), and target extremely vulnerable Iraqis, particularly those who have recent left Iraq due to sectarian violence, by providing health, education, shelter, and protection from deportation. It would also permit quick impact projects throughout Iraq targeting those regions most affected by IDPs and communities hosting people displaced by conflict. Additional funding would maintain health assistance to refugee returnees in the south of Iraq.

With the humanitarian situation in Gaza and the West Bank on the decline and current prospects for progress on the political front slim, UNRWA will likely continue as our only channel of support in FY 2007 for Palestinian refugees, who constitute 70 percent of the population in Gaza and 30 percent in the West Bank. UNRWA's 2007 Emergency Appeal reflects growing humanitarian needs of Palestinian refugees in the West Bank and Gaza due to ongoing conflict and the Palestinian Authority's fiscal crisis.

### **Non-Proliferation, Anti-Terrorism, Demining and Related Programs (NADR)**

The supplemental request of **\$27.5 million** includes funds for the following programs.

**Iraq** -- The **\$7 million** request in NADR is for critical demining activities. The USG has supported NGO demining operations, which have successfully cleared some areas of Iraq.

NADR funding is required to resume demining activities in Iraq, one of the most heavily mined countries in the world.

**Lebanon** -- The request for **\$5.5 million** will support a terrorist interdiction program that would provide the Government of Lebanon with a capability to ensure adequate controls, particularly at key points of entry. The capacity to interdict the movement of terrorists into and out of Lebanon is essential to the success of United National Security Council Resolutions 1559 and 1701. A

**Afghanistan** -- The **\$15 million** FY 2007 request will address the funding gap in support for the Presidential Protection Service. While assessments had predicted that the protection service would be self-sufficient by this point, the increasing security threats and complications have prevented this from occurring. This request will provide U.S. equipment, training and mentoring is essential to build the capacity of Afghan security forces, enabling them to protect the Afghan leadership and contain terrorist elements.

### **Peacekeeping Operations (PKO)**

The FY 2007 supplemental request of **\$278 million** includes funding for the following programs.

**Sudan** - The FY 2007 supplemental request of **\$150 million** will be used to support Darfur peacekeeping, including support for the African Union Mission in Sudan (AMIS). This support includes: construction and operations; and maintenance of base camps for AMIS troops; maintenance of vehicles and communications equipment; pre-deployment training and equipping for Rwandan and Senegalese troops in AMIS; strategic airlift of AMIS troops; provision of U.S. contract military observers to AMIS; and support for transition of AMIS to a United Nations peacekeeping force in Darfur. As part of this supplemental the Administration requests transfer authority from the Contributions for International Peacekeeping Activities (CIPA) account to the PKO account.

The FY 2007 supplemental request also includes **\$128 million** to support a number of anticipated new peacekeeping requirements in Africa. The humanitarian tragedy that continues to unfold in the Darfur region of Western Sudan has caused a severe spillover effect in Eastern Chad, with large numbers of Sudanese refugees coming across the border, destabilizing an already delicate situation between the Government of Chad (GOC) and several rebel groups operating in the region. This delicate situation is causing further spillover effect into Northern Central African Republic, threatening even wider conflict in the Central Africa region if action is not taken to stem the tide of violence and destabilization. The additional FY 2007 funds for peacekeeping operations will be applied to stabilization operations and security sector reform. Funds will also be used to deploy a regional, African stabilization and peacekeeping force in Somalia that will provide a secure environment in which a political process can move forward and effective security institutions can be developed. In addition, support to and develop of nascent institutions serving Somali will provide an important peace dividend that will help our efforts to encourage inclusive political dialogue and reconciliation toward establishment of a legitimate, functioning government that will serve all Somalis.

### **P.L. 480 - Title II**

The FY 2007 supplemental request of **\$350 million** includes funding for the following programs.

**Sudan** – An additional **\$150 million** is needed to respond to Sudan and Eastern Chad in FY 2007. USAID will be able to meet 40% of this requirement from its core budget and \$75 million of the proposed supplemental request will allow us to reach the target of 50% of global needs for Sudan and Eastern Chad. An additional \$75 million will be required if increasing insecurity results in greater needs, as it already appears to have done in Eastern Chad, or rising redelivery costs, such as if aid agencies must use aircraft.

**Emergencies** – The request also includes **\$200 million** to meet other critical food situations elsewhere in the world. For example, inadequate rainfall during April and May 2006, especially in northern Afghanistan, has resulted in drought conditions and an increase in food aid requirements – in Afghanistan, \$30m is envisioned as the drought response. In southern Africa, slow recovery after two droughts in the last five years, continuing deterioration of economic conditions in Zimbabwe, and the projected below-average upcoming rainy season are resulting in higher-than-expected food aid needs. Increasing displacement of Somalis within the country and to Kenya due to rising insecurity, coupled with slow recovery after several seasons of failed rains, has raised food aid needs significantly over levels previously anticipated in the Horn of Africa.

#### **U.S Emergency and Refugee & Migration Assistance (ERMA)**

The request provides **\$30 million** to address unanticipated emergency humanitarian needs in places such as Somalia, Chad, West Bank/Gaza, Iraq, and Sri Lanka. It would also support contingency planning for increased Darfur refugee outflows to Chad (up to 150,000 refugees and IDPs), which is appearing increasingly likely. The current ERMA balance is \$6.2 million, the lowest in more than a decade; that level is insufficient to respond to the likely level of requirements.

#### **USAID Operating Expenses (USAID OE)**

A supplemental request of **\$5.7 million** in USAID OE is required to fund the projected extraordinary security, personnel and other costs of operating the USAID's mission in Afghanistan in a deteriorating security environment.

**FY 2007 Global War on Terror Supplemental**  
by Country and Program Element

<b>TOTAL</b>	4,812,700
<b>Afghanistan</b>	698,000
1.1.3 Governments' Capabilities	15,000
1.4.2 Alternative Development and Alternative Livelihoods	120,000
1.6.1 Conflict Mitigation	82,000
2.2.2 Public Sector Executive Function	21,000
2.2.3 Local Government and Decentralization	35,000
4.4.1 Modern Energy Services	40,000
4.4.3 Transport Services	342,000
4.5.1 Agricultural Enabling Environment	13,000
5.1.2 Crisis Assistance and Recovery	30,000
<b>Iraq</b>	2,339,000
1.1.1 Deny Terrorist Sponsorship, Support and Sanctuary	1,000
1.2.1 Counter WMD Proliferation and Combat WMD Terrorism	1,000
1.3.1 Operations Support	884,000
1.5.1 Financial Crimes and Money Laundering	4,000
1.5.3 Trafficking-in-Persons and Migrant Smuggling	1,000
1.6.2 Peace and Reconciliation Processes	10,000
2.1.3 Justice System	186,000
2.1.4 Human Rights	50,000
2.2.1 Legislative Function and Processes	140,000
2.2.2 Public Sector Executive Function	180,000
2.2.3 Local Government and Decentralization	115,000
2.2.4 Anti-Corruption Reforms	14,000
2.3.2 Elections and Political Processes	27,000
2.3.3 Political Parties	40,000
2.4.1 Civic Participation	160,000
2.4.2 Media Freedom and Freedom of Information	36,000
3.1.8 Water Supply and Sanitation	25,000
4.1.1 Fiscal policy	40,000
4.2.1 Trade and Investment Enabling Environment	30,000
4.4.1 Modern Energy Services	25,000
4.5.1 Agricultural Enabling Environment	37,500
4.5.2 Agricultural Sector Productivity	37,500
4.6.1 Business Enabling Environment	40,000
4.6.3 Workforce Development	150,000
4.7.1 Inclusive Financial Markets	25,000
4.7.3 Strengthen Microenterprise Productivity	20,000
5.1.1 Protection and Solutions	12,750
5.1.2 Crisis Assistance and Recovery	47,250

<b>Kosovo</b>	279,000
1.3.7 Law Enforcement Restructuring, Reform and Operations	28,000
1.6.1 Conflict Mitigation	5,000
2.1.1 Constitutions, Laws, and Legal Systems	2,000
2.2.2 Public Sector Executive Function	8,000
2.2.5 Governance of the Security Sector	5,000
4.1.1 Fiscal policy	200,000
4.4.1 Modern Energy Services	5,000
4.4.2 Communications Services	5,000
4.4.3 Transport Services	5,000
5.1.1 Protection and Solutions	5,000
5.1.2 Crisis Assistance and Recovery	2,000
5.2.1 Capacity Building, Preparedness, and Planning	3,000
5.3.1 Protection and Assistance	3,000
5.3.2 Institutional Support and Capacity-building	3,000
<b>Lebanon</b>	585,500
1.3.4 Explosive Remnants of War (ERW)	5,500
1.3.6 Defense, Military, and Border Restructuring, Reform and Operations	280,000
2.2.3 Local Government and Decentralization	20,000
3.2.1 Basic Education	10,000
4.1.1 Fiscal policy	250,000
4.6.2 Private Sector Productivity	20,000
<b>Sudan</b>	340,000
1.3.1 Operations Support	150,000
5.1.2 Crisis Assistance and Recovery	190,000
<b>DCHA Contingency</b>	190,000
5.1.2 Crisis Assistance and Recovery	190,000
<b>Global Health</b>	161,000
3.1.4 Avian Influenza	161,000
<b>Political-Military Affairs</b>	128,000
1.3.1 Operations Support	10,000
1.3.6 Defense, Military, and Border Restructuring, Reform and Operations	118,000
<b>Population, Refugees, and Migration</b>	86,500
5.1.1 Protection and Solutions	44,125
5.1.2 Crisis Assistance and Recovery	42,375
<b>USAID OE</b>	5,700
USAID Operating Expenses (OE)	5,700

## **FY 2008 Global War on Terror (GWOT) Emergency**

The FY 2008 emergency request for Foreign Operations totals **\$1.37 billion** in the following accounts.

### **Economic Support Funds (ESF)**

The **\$1.111 million** request for ESF includes funds for the following programs:

**Iraq** – The Administration included the full year cost of Iraq in the FY 2008 budget. To this end, the FY 08 base program level is appropriate in scale and content for a stabilizing, moderately safe environment in Iraq. The Administration then determined which program level in the request is unique to the security situation and is appropriately designated as an “Emergency.” The “Emergency” program level will not be necessary once Iraq is a stabilized, moderately safe environment.

The **\$772 million** request in ESF will continue programs that contribute to security, economic, and political stability. Efforts will shift towards increasing Iraqi Government capacity to improve the lives of ordinary Iraqis by better spending its own budgetary resources to meet a wide range of urgent needs. While the Iraqi Government has proposed a good budget for 2007, USG assistance will provide ministries the training and skills they need to become more effective. The overall FY08 funding request level is reduced from the FY 07 level to reflect improvements in capacity from USG assistance. By 2008 and 2009, the burden of local assistance should be assumed more effectively by the Iraqi Government. In the meantime, though, USG efforts will be vital to building the Iraqi Government’s capacity to meet its citizens’ needs.

Building on the programs funded under the FY07 Supplemental, the FY08 Emergency funding supports programs integrated with the military’s security operations. Stabilization and economic development cannot take place without a secure environment, and better economic and political prospects will undermine the recruiting efforts of the insurgency. In the security area, \$390 million will support programs coordinated through Provincial Reconstruction Teams (PRTs) to complete the transition to Iraq’s self-reliance. These funds will also be used to harden critical infrastructure against insurgent attacks, negating their debilitating impacts on the Iraqi population. Funding will also support the Community Stabilization (CSP), which is vital for counterinsurgency operations by providing funding for rehabilitation of community infrastructure, employment generation and financial support for local businesses.

In the economic area, \$134 million will fund programs that strengthen Iraqi operations and maintenance of USG-funded infrastructure, ensuring the sustainability of the USG investments across key services. In the political area, \$248 million will provide training and capacity development for key Iraqi ministries to execute their own budgets and perform critical functions for the Iraqi people. It will also fund democracy and governance programs that support moderate, non-sectarian entities, a critical step in national reconciliation as Iraq prepares for national elections by 2009, and a referendum on Kirkuk. Finally, funding will also address policy and regulatory reforms, removing barriers to business formation and economic development by supporting including WTO accession, subsidy reform, creation of a social safety net, and the passage of a hydrocarbon law.

**Afghanistan - \$339 million** is requested to continue funding of critical reconstruction efforts that will contribute to efforts counter and prevent further insurgency. This request will meet critical infrastructure requirements for building and maintaining roads in the southern and eastern regions of Afghanistan and power plants and power distribution networks. These infrastructure efforts will help the Government of Afghanistan provide greatly needed services and opportunities for citizens in areas facing insurgent activity and would help prevent insurgents from crossing into Afghanistan from Pakistan.

*Roads (\$279 million):* This request will provide funding to complete all district roads in the South and East. As explained in the FY 2007 GWOT request, these roads are critical to enhancing security, economic development and governance. With the funding from both GWOT requests, the United States will be able to construct approximately 2,000 kilometers of roads connecting District Centers with the provincial capitals in the southern and eastern provinces of the country.

*Power (\$60 million):* This request will provide funding for the Southern Electrical Power System (SEPS). Security concerns by other donors make SEPS a U.S.-only multi-year initiative. The United States has already replaced and refurbished the turbines at the Kajaki Hydroelectric Dam, the main source of power for southern Afghanistan. This funding will expand the dam's reservoir and construct electrical transmission lines from Kajaki to major southern cities of Kandahar and Lashkar Gah. While security remains a concern, we need to maintain power productivity to prevent adverse political and economic consequences on the stability of important southern provinces.

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

**Iraq-** The FY 2008 request of **\$159 million** will consolidate and expand the gains in human rights, anti-corruption, rule of law and corrections. This request would provide funding for Iraq to enable additional prison/jail bed construction to meet anticipated shortfalls, and further develop Iraqi criminal justice, corrections and anti-corruption entities, including by improving security and boosting technical skills/capacities and management.

*Rule of law:* We seek to support twin goals through our rule of law programs in Iraq: to help the Iraqis develop the institutional and societal frameworks on which the rule of law rests while on a priority basis addressing more immediate problems that impede the effective functioning of the justice system and thus undermine the confidence of the Iraqi people in their government and their future. With FY08 Supplemental funding, we expect to continue Baghdad programs while expanding programs for judicial and court security, judicial capacity, justice integration, and anticorruption to the provinces.

*Corrections:* As Iraqi security forces' capacities continue to improve, more criminals will be taken off the streets. We will use FY08 Supplemental funds to continue to expand the inmate capacity of Iraq's already overcrowded jail and prison facilities and provide advisory support for the related continued expansion of the Iraqi Corrections Service.

### **Migration and Refugee Assistance (MRA)**

In FY 2008, MRA funds for Iraq totaling **\$35 million** would support UNHCR, ICRC, and NGO requirements to assist Iraqi refugees in neighboring countries and conflict-affected populations in Iraq, including returns and reintegration-related activities. USG support contributes directly to

stabilizing displaced Iraqi populations and promoting long-term stability in Iraq and the region by working with the UN, international and non-governmental organizations to bolster temporary protection mechanisms for Iraqis in neighboring countries; expand assistance to needy Iraqis in neighboring countries by supporting shelter, health, education, and other social services; and protect and seek durable solutions for vulnerable non-Iraqi refugees stranded in Iraq.

This funding would support the currently estimated 1.5 million Iraqi refugees living in increasingly deteriorating conditions in the region (especially Jordan and Syria), and target extremely vulnerable Iraqis, particularly those who have left Iraq due to sectarian violence. It would also permit quick impact projects throughout Iraq targeting those regions most affected by IDPs and communities hosting people displaced by conflict. Additional funding would maintain health assistance to refugee returnees in the south of Iraq. Funding would also build on previous support to increase UNHCR's capacity to refer vulnerable refugees to the U.S. refugee resettlement program.

#### **USAID Operating Expenses (USAID OE)**

The **\$61.8 million** request for USAID OE includes \$45.8 million to fund projected personnel and support costs in Iraq as well as Washington-based staff backstopping the Iraq Mission, and other operating costs including those associated with moving into the New Embassy Compound in Baghdad. The request also includes \$16 million to support the projected extraordinary security, personnel, including the International Cooperative Administrative Support System (ICASS), and other costs for operating the Mission in Afghanistan.



## FY 2008 Global War on Terror Emergency

by Country and Program Element

<b>TOTAL</b>	1,366,800
<b>Afghanistan *</b>	355,000
4.4.1 Modern Energy Services	60,000
4.4.3 Transport Services	279,000
6.1.1 Program Support	16,000
<b>Iraq</b>	966,000
1.3.1 Operations Support	170,000
2.1.3 Justice System	169,900
2.2.2 Public Sector Executive Function	230,000
2.2.3 Local Government and Decentralization	65,000
2.2.4 Anti-Corruption Reforms	7,100
2.4.1 Civic Participation	15,000
3.1.8 Water Supply and Sanitation	82,000
4.4.1 Modern Energy Services	82,000
4.6.3 Workforce Development	92,500
4.7.3 Strengthen Microenterprise Productivity	17,500
5.1.1 Protection and Solutions	17,987
5.1.2 Crisis Assistance and Recovery	17,013
<b>USAID OE</b>	61,800
USAID Operating Expenses (OE)	61,800

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# **Independent Department and Agencies Bilateral Assistance**

African Development Foundation (ADF)  
Department of the Treasury  
Treasury Technical Assistance  
Debt Restructuring  
Export-Import Bank  
Inter-American Foundation (IAF)  
International Trade Commission (ITC)  
Millennium Challenge Corporation (MCC)  
Overseas Private Investment Corporation (OPIC)  
Peace Corps  
Trade and Development Agency

## African Development Foundation

(\$ in thousands)	FY 2006 Actual	FY 2007 Estimate	FY 2008 Request
African Development Foundation	22,770	22,225	30,000

The President's request for **\$30.0 million** in FY 2008 for ADF will allow the Foundation to provide African small enterprises with the essential capital, technology, technical assistance, and training they need to grow, generate new jobs in Africa's poorest communities, and deliver significant increases in income to their employees and others involved in their production chain. The funding will also help farming groups and small businesses access the global economy by providing them with resources to diversify their production, create value-added products, satisfy international quality standards, and market their products to regional and overseas buyers.

The ADF will leverage its annual appropriation by securing approximately \$16 million in matching donations from African governments, other donor organizations, and the private sector.

## Department of the Treasury

(\$ in thousands)	FY 2006 Actual	FY 2007 Estimate	FY 2008 Request
Treasury Technical Assistance	19,800	23,700	24,800
Debt Restructuring	64,350	20,000	207,300
<b>Total, Department of the Treasury</b>	<b>84,150</b>	<b>43,700</b>	<b>232,100</b>

### Treasury Technical Assistance

The FY2008 request for Treasury International Affairs Technical Assistance (TIATA) is **\$24.8 million**. The program provides financial advisors to countries seeking assistance in implementing significant economic reforms, especially during critical periods of transition to market-based economies. The program supports economic policy and financial management reforms, focusing on the functional disciplines of budget, taxation, government debt, financial institutions, and financial enforcement.

In FY2008, it is estimated that \$7.37 million of the funds requested will be used by Treasury Technical Assistance to fund resident and short-term advisor projects with countries combating money laundering and terrorist finance activity. A large portion of the funds requested (36%) will be used for assistance programs in sub-Saharan Africa, supporting economic and financial reforms in countries receiving HIPC debt relief. Over 12% of the requested funds will be used to carry out projects in the Greater Middle East. The funds will also be utilized to begin two new high priority country engagements in Vietnam and India.

### Debt Restructuring

The FY 2008 request is **\$207.3 million** for Heavily Indebted Poor Countries (HIPC) and poorest country debt reduction, HIPC Trust Fund, and Tropical Forest Conservation Act (TFCA) programs.

For the poorest countries with unsustainable debt, debt reduction provides an incentive to implement macroeconomic and structural reforms necessary for economic growth and also to free up resources for poverty reduction efforts. The bulk of the request will be needed to cover the cost of completing HIPC bilateral debt reduction for the Democratic Republic of the Congo.

The Tropical Forest Conservation Act (TFCA) received strong bipartisan support and was signed into law in 1998. The program allows for reduction of U.S. concessional debt and redirection of payments in local currency in eligible countries to support programs to conserve tropical forests.

## Export-Import Bank

(\$ in thousands)	FY 2006 Actual	FY 2007 Estimate	FY 2008 Request
Export-Import Bank of the United States	97,458	50,616	1,000

The FY 2008 request seeks **\$1.0 million** to support the expenses of the Inspector General. The FY 2008 Budget estimates that the Bank's export credit support will total \$18.7 billion in lending activity, and will be funded entirely by receipts collected from the Bank's customers. The Bank expects to collect \$146 million in receipts in excess of estimated losses in FY 2008. These receipts will be used to cover both the \$68 million for loan programs as well as the \$78 million for administrative expenses.

The Export-Import Bank of the United States is an independent executive agency and a wholly-owned U.S. Government corporation. Ex-Im Bank is the official export credit agency of the United States. Its mission is to support U.S. exports by providing export financing through its loan, guarantee, and insurance programs in cases where the private sector is unable or unwilling to provide financing or when such support is necessary to level the playing field due to financing provided by foreign governments to their exporters that are in competition for export sales with U.S. exporters. By facilitating the financing of U.S. exports, Ex-Im Bank helps companies create and maintain U.S. jobs. The Bank actively assists small and medium-sized businesses.

## Inter-American Foundation

(\$ in thousands)	FY 2006 Actual	FY 2007 Estimate	FY 2008 Request
Inter-American Foundation	19,305	19,268	19,000

The FY 2008 request of **\$19 million** will fund the Inter-American Foundation's (IAF) mandate to support programs that promote entrepreneurship, self-reliance, and democratic self-governance as a way to foster economic progress for the poor. A focus on innovation drives the IAF's work in Latin America and the Caribbean, such as its pioneering efforts to work with migrant organizations to help channel some of the vast amounts of remittances that immigrants send home each year into development activities for their home communities. In FY 2008, the IAF will continue its implementation of Opportunity Zones, one of President Bush's mandates from the 2005 Summit of the Americas. This program encourages a combination of business ownership, local investment and civic partnerships to bring people out of poverty in targeted areas. In addition, the IAF will continue to support the economic development initiatives of indigenous peoples, persons with disabilities, as well as African-descendant communities, as part of its implementation of several Summit recommendations.

The IAF will continue to expand its innovative program involving a partnership with an expanding network of 60 Latin American corporations and corporate foundations. Participating corporate partners share criteria for funding and a results measurement system based on IAF's experience with grassroots development, and exceed IAF contributions by a ratio of 2:1 to support local development initiatives. In FY 2008, the IAF will again support the President's priorities in Latin America and the Caribbean to reduce poverty, strengthen local democratic practice, and stem the flow of illegal immigration.

## Millennium Challenge Corporation

(\$ in thousands)	FY 2006 Actual	FY 2007 Estimate	FY 2008 Request
Millennium Challenge Corporation	1,752,300	1,135,000	3,000,000

For FY 2008, the President’s budget requests **\$3.0 billion** for the Millennium Challenge Corporation to continue to realize the President’s vision of providing transformative assistance to those countries that govern justly, support economic freedom and invest in their people. The MCC budget request for FY 2008 is based on an estimate of the funds needed to conclude MCC Compacts with currently eligible countries that will be ready to enter into Compacts. MCC projects that it will sign additional Compacts with up to 6 countries in FY 2008 with a projected average Compact size of \$400 to \$500 million. MCC is intentionally increasing the average size of Compacts to support transformational growth and poverty reduction in our partner countries. Up to 25 percent of the appropriation will be used for Compacts with lower middle income countries (LMICs) in keeping with MCC’s legislation. MCC legislation allowed for the consideration of LMICs for the first time in FY 2006.

MCC has signed Compacts to date with 11 partner countries: *Armenia, Benin, Cape Verde, El Salvador, Georgia, Ghana, Honduras, Madagascar, Mali, Nicaragua, and Vanuatu*. Six of these 11 Compacts were signed during FY 2006 and the first quarter of FY 2007 (Armenia, Benin, El Salvador, Ghana, Mali, and Vanuatu). MCC has awarded \$3 billion to Compact countries to address various barriers to poverty reduction and economic growth. These Compacts create plans of action for communities to reduce poverty. By the end of FY 2007, MCC expects to have Compacts signed with a total of 15 to 16 countries leaving an additional 9-10 countries in the pipeline. Disbursements will also begin to increase more rapidly in FY 2007 and even more so in FY 2008 as signed compacts move beyond the initial stages of implementation.

MCC will allocate up to 10 percent of its FY 2008 appropriation for countries deemed eligible for Threshold Program assistance. Twenty countries in total have been selected by the MCC Board as eligible for Threshold Program assistance during the past four annual selection cycles, including the one most recently in November of 2006. The Threshold Program was created to help countries who have not yet qualified for MCA Compact funding, but have demonstrated a significant commitment to improve their performance on the eligibility criteria for MCA Compact funding. MCC now has a total of 11 Threshold Agreements representing \$286 million in awards to *Albania, Burkina Faso, Indonesia, Jordan, Malawi, Moldova, Paraguay, Philippines, Tanzania, Ukraine, and Zambia*. These programs focus primarily on improving governance, especially on curbing corruption. Others focus on key social investments such as improving primary education rates among girls as well as the immunization rates.

MCC has built a lean and talented staff of 300 to manage the development and implementation of MCC assistance programs, and has put in place policies and procedures to ensure that U.S. funds are used effectively and responsibly. MCC received an unqualified opinion on its most recent audit, and has worked closely with its Inspector General to review many of its procedures with a view to improving service delivery and management controls. In addition, MCC has taken a number of steps to improve compact development and implementation, including providing detailed guidance to eligible countries early in the process and helping countries put key implementation mechanisms in place before compacts enter into force. As a result, countries are providing more fully developed proposals to MCC, and are better positioned to hit the ground running on implementation.



## Overseas Private Investment Corporation

(\$ in thousands)	FY 2006 Actual	FY 2007 Estimate	FY 2008 Request
Overseas Private Investment Corporation	-161,076	-124,000	-159,500

The Overseas Private Investment Corporation (OPIC) is a self-sustaining agency that mobilizes American private investment by providing political risk insurance and financing in support of U.S. foreign policy in 156 developing nations and emerging markets around the world.

OPIC's FY 2008 budget is fully self-funded. From its estimated offsetting collections of \$236 million in FY 2008, OPIC is requesting \$47.5 million for administrative expenses and \$29 million for credit funding. This amount will support over \$1.45 billion in new direct loans and loan guaranties.

The Overseas Private Investment Corporation (OPIC) will focus its efforts on quality projects that are highly developmental, based on both sector and geographic location. Based on U.S. development and foreign policy priorities, OPIC will place special emphasis on small business, investments in Africa, the broader Middle East, and Central America, and continue to increase private sector cooperation and increase the availability of housing for the developing world.

Private sector investment support provided by OPIC is market driven, and as a result, efficiently aligns government resources with projects that are most likely to drive economic growth. For many countries that have moved beyond basic humanitarian assistance, OPIC is an effective and efficient way to promote private sector growth. OPIC's goal is to generate "additionality" on each transaction it conducts, meaning OPIC is able to add value to every investment it supports.

## Peace Corps

(\$ in thousands)	FY 2006 Actual	FY 2007 Estimate	FY 2008 Request
Peace Corps	318,780	324,000	333,500

The FY 2008 budget request provides **\$333.5 million** for the Peace Corps, an increase of nearly \$9.5 million over the estimated FY 2007 level.

By the end of FY 2008, there will be approximately 7,600 American Peace Corps Volunteers assisting host countries and local communities to improve education of students, encourage economic development, protect and restore the environment, and increase the agricultural capabilities of farming communities, expand access to basic health care for families, and address HIV/AIDS prevention and care.

Through their services, Peace Corps Volunteers make lasting contributions to the U.S. and the international community by representing American values and diversity, responding to humanitarian crises and natural disasters, and preparing America's work force with overseas experience.

## Trade and Development Agency

(\$ in thousands)	FY 2006 Actual	FY 2007 Estimate	FY 2008 Request
Trade and Development Agency	50,391	50,300	50,400

The Administration is requesting **\$50.4 million** for USTDA in FY 2008. This request maintains the Agency's ability to spur economic development and advance U.S. commercial interests in developing and middle-income countries.

TDA provides a bridge to U.S. technical know-how and experience for developing and middle-income countries. The focus of the Agency is unique in that it creates public-private partnerships in response to project sponsor needs and priorities. TDA programs help identify and prepare projects for implementation that will establish the infrastructure necessary for economies to expand, and develop trade partnerships by enhancing the ability of U.S. firms to conduct business overseas.

In carrying out its program, TDA leverages the resources of the U.S. private sector to advance the foreign policy priorities of the Administration by creating long-term commercial relationships between the private and public sectors of the United States and its partners in the developing world.

The Agency uses various tools to facilitate U.S. business opportunities in the international marketplace. This support comes in the form of technical assistance, feasibility studies, orientation visits, training grants and conferences.

The Agency's FY 2008 budget request encompasses USTDA's assistance programs that support key trade and foreign policy objectives of the Administration, including: 1) building the infrastructure for development by providing early investment analysis, including technical assistance and feasibility studies related to planning, financing, and implementing major infrastructure projects; 2) providing technical assistance to facilitate the Administration's trade policy priorities identified during bilateral and multilateral negotiations and support for trade agreement implementation, including the strengthening of developing countries Intellectual Property Rights (IPR) regimes; 3) enhancing global energy security by providing investment analysis and technical assistance designed to identify, develop, and transport to market new oil and gas reserves to help diversify sources of supply, and to stimulate development of alternative fuels, deploy technologies that promote the clean and efficient use of resources, and improve energy efficiency; and 4) strengthening transportation safety and security by offering technical assistance to build capacity and comply with international safety and security standards.

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# **Multilateral Economic Assistance**

International Financial Institutions (IFIs)  
International Organizations and Programs (IO&P)

## Multilateral Economic Assistance

(\$ in thousands)	FY 2006 Actual	FY 2007 Estimate	FY 2008 Request
<b>International Financial Institutions</b>			
Global Environment Facility	79,200	56,250	106,763
International Development Association	940,500	752,400	1,060,000
Multilateral Investment Guarantee Agency	1,287	1,288	1,082
Asian Development Fund	99,000	99,000	133,906
African Development Fund	134,343	134,343	140,584
African Development Bank	3,602	3,613	2,037
European Bank for Reconstruction and Development	1,006	1,006	10
Enterprise for the Americas Multilateral Investment Fund	1,724	1,724	29,232
Inter-American Investment Corporation	1,724	1,724	7,264
International Fund for Agricultural Development	14,850	14,850	18,072
Arrears	(5,453)	(4,018)	(175,000)
<b>Total, International Financial Institutions</b>	<b>1,277,236</b>	<b>1,066,198</b>	<b>1,498,950</b>
International Organizations and Programs	303,888	326,163	289,400
<b>Total, Multilateral Economic Assistance</b>	<b>1,581,124</b>	<b>1,392,361</b>	<b>1,788,350</b>

### International Financial Institutions (IFIs)

International Financial Institutions (IFIs) provide loans, grants and investments to developing and transition economies and private sector enterprises in countries where risks are too high for private financing alone and where leverage is needed to encourage private financing. Bank policies and assistance programs reflect U.S. priorities in promoting growth, increasing productivity, and reducing poverty in developing countries.

The FY 2008 request for the IFIs of **\$1.499 billion** is comprised of \$1.324 billion for scheduled annual commitments and \$175 million to pay a portion of outstanding U.S. arrears to the IFIs. Through U.S. leadership in the IFI replenishment negotiations, key policy reforms were initiated, reinforced and extended in these institutions. The reforms focus on improving debt sustainability, increasing grants, measuring results, increasing transparency and fighting corruption. Through the landmark G-8 Multilateral Debt Relief Initiative, 44 of the world's poorest and most debt vulnerable countries will be eligible to receive 100 percent cancellation of their multilateral development bank (MDB) debt.

Debt sustainability frameworks adopted in IDA and the AfDF will help break the destabilizing lend-and-forgive cycle. IDA will provide approximately 30 percent of its total resources to the world's poorest and most debt vulnerable countries as grants, and the AfDF is also extending nearly one-third of its available resources as grants. The AsDF-9 replenishment agreement

established, for the first time in the AfDF, a grant window where approximately 30 percent of assistance to the poorest countries will be in the form of grants.

Results measurement systems have been expanded significantly through replenishment agreements with the adoption of measurable goals and targets and results-based management processes and standards. Continuing work is needed to ensure full implementation of results-based management in all the MDBs.

Measures to improve transparency and efforts to fight corruption in countries, on bank projects, and in the institutions themselves have been strengthened. For example, the AfDB established a new anti-corruption and investigative unit, the IDB overhauled its procurement policies and practices to conform to best international practices, and AsDB significantly increased its in-country governance programs. In FY 2008, IDA will continue its independent assessment of its internal controls framework.

Going forward, Treasury will continue to reinforce these key reforms and build upon achievements in the IFIs on managing for results, increasing transparency and fighting corruption, and ensuring the debt sustainability of the world's poorest countries.

### International Organizations and Programs (IO&P)

(\$ in thousands)	FY 2006 Actual	FY 2007 Estimate	FY 2008 Request
International Organizations and Programs	303,888	326,163	289,400

The FY 2008 request of **\$289.4 million** for voluntarily funded International Organizations and Programs (IO&P) will advance U.S. strategic goals by supporting and enhancing international consultation and coordination. This approach is required in transnational areas such as protecting the ozone layer or safeguarding international air traffic, where solutions to problems can best be addressed globally. In other areas, such as in development programs, the United States can multiply the influence and effectiveness of its contributions through support for international programs.

#### UNITED NATIONS CHILDREN'S FUND (UNICEF)

**\$123 million** - UNICEF acts as a global champion for children and strives to ensure the survival and well being of children throughout the world. The request funds core funding for UNICEF.

#### UNITED NATIONS DEVELOPMENT PROGRAM (UNDP)

**\$75.3 million** - UNDP is the UN's primary development agency. The organization's 2008-2011 strategic plan, which will lay out its new priorities, is currently under discussion within UNDP management and its 36-member Board. Its 2004-2007 strategic plan focuses on addressing some of the main obstacles to economic development: (1) human poverty, (2) lack of democratic governance, (3) conflicts and disasters, (4) HIV/AIDS, and (5) lack of good stewardship of the environment and natural resources.

#### UN DEMOCRACY FUND (UNDEF)

**\$14 million** - The U.S. believes that the United Nations should assume a more important role in promoting democracy around the world. The UN Democracy Fund, proposed by President Bush in 2004, is an initiative to support pro-democracy forces and activities in countries transitioning to democracy in order to effect broad change in dynamic ways under the UN framework. The Fund, which is financed through voluntary contributions, increases cooperation among democratic countries to support new and transitional democracies, human rights and fundamental freedoms. In August 2006, the Advisory Board approved its first set of grants totaling US\$ 36 million to 125 projects in 100 countries around the world. The approved programs focus on civic education, voter registration, access to information and democratic dialogue, among other issues.

#### UN FUND FOR VICTIMS OF TORTURE

**\$4.8 million** - The UN Fund for Victims of Torture supports 187 projects worldwide to help victims of torture cope with the after-effects of the trauma they experienced, reclaim their dignity, and become reintegrated into society. The Fund distributes voluntary contributions received from governments, NGOs, and individuals to organizations providing psychological, medical, social, legal, and financial assistance to victims of torture and members of their families.

#### UN VOLUNTARY FUND FOR TECHNICAL COOPERATION IN THE FIELD OF HUMAN RIGHTS

**\$1.4 million** - The Fund supports the activities of the Office of the High Commissioner for Human Rights (OHCHR) toward building strong national human rights protection systems at the country and regional levels. OHCHR is present at the local level in some 40 countries with OHCHR offices, technical cooperation offices or projects, regional and sub-regional representatives, and human rights components of 10 UN peacekeeping missions. In addition to directly supporting OHCHR's fieldwork, the U.S. contribution to the Fund helps to leverage increased contributions by other governments.

#### UNITED NATIONS DEVELOPMENT FUND FOR WOMEN (UNIFEM)

**\$1 million** - UNIFEM works in political, economic, and social interventions in partnership with local individual advisors and organizations in over 100 countries.

#### OFFICE OF THE COORDINATOR FOR HUMANITARIAN AFFAIRS (OCHA)

**\$2 million** - OCHA coordinates the traditionally diverse international response to humanitarian crises. OCHA works with UN agencies and other national and international organizations (including UNICEF, the UN High Commissioner for Refugees (UNHCR), the ICRC and others) that provide assistance directly to disaster victims.

#### UNITED NATIONS HUMAN SETTLEMENTS PROGRAM (UN-HABITAT)

**\$1 million** - UN-HABITAT is the lead United Nations agency for responding to the challenges of the urban poor. The U.S. contribution for core funding of UN-HABITAT enables the program to continue to strengthen its work pertaining to economic freedom, good government, democracy building (through decentralization of power to local authorities), gender equality, and the mobilization of domestic resources.



## UNITED NATIONS ENVIRONMENT PROGRAM (UNEP)

**\$9.5 million** - UNEP has the lead within the United Nations system on most issues related to the environment. It plays a leading role in developing international agreements and national environmental instruments, and also assesses global, regional and national environmental conditions and trends. The six *secretariats* funded include the Montreal Protocol, Basel Convention, Cartagena Convention, Desertification Convention, SPREP Convention, and the Vienna Convention.

## MONTREAL PROTOCOL MULTILATERAL FUND

**\$19 million** - The U.S. EPA estimates that, if the Montreal Protocol is fully implemented, 6.3 million U.S. lives will be saved from skin cancer over the next 150 years. Under the Protocol, the United States and other developed countries have agreed -- through the Multilateral Fund -- to fund the "incremental costs" of developing country projects to completely phase out their use of ozone depleting chemicals. With this funding, developing countries are on track to meet their commitment to reduce use of these substances by 85% in 2007 and to phase out completely by 2010.

## INTERNATIONAL CONSERVATION PROGRAMS

**\$5.9 million** - U.S. contributions to international conservation programs help address wildlife trafficking, biodiversity, and illegal logging problems by facilitating policy approaches and technical expertise to assist developing countries in building their capacity to conserve and sustainably manage vital ecological and economic natural resources. Initiatives funded under this contribution include the: Coalition Against Wildlife Trafficking, Convention on International Trade in Endangered Species of Wild Flora and Fauna, International Tropical Timber, National Forest Program Facility hosted by the Food and Agriculture Organization of the United Nations, Ramsar Convention on Wetlands of International Importance, United Nations Convention to Combat Desertification, United Nations Forum on Forests, World Conservation Union, Montreal Process Working Group on Criteria and Indicators for the Conservation and Sustainable Management of Temperate and Boreal Forests and the new multi-donor Program for Forestry.

## CLIMATE CHANGE PROGRAMS

**\$5.3 million** - In carrying out its international climate change policies, the Administration has highlighted U.S. leadership in the Framework Convention on Climate Change (FCCC), the Intergovernmental Panel on Climate Change (IPCC), and the Intergovernmental Group on Earth Observations (GEO). The continuation of U.S. participation in and support for the UNFCCC helps advance specific Administration initiatives regarding technology transfer to and capacity building in developing countries, and the enhancement of bilateral climate change cooperation. The continuation of U.S. participation in and support for the IPCC helps advance specific Administration initiatives regarding climate change science and technology, including global observation systems, carbon sequestration, and climate modeling.

## WORLD METEOROLOGICAL ORGANIZATION VOLUNTARY COOPERATION PROGRAM

**\$1.9 million** - The World Meteorological Organization's Voluntary Cooperation Fund (VCP) supports international cooperation on hurricane forecasting; improvements to the Global Telecommunications System, which is used to transmit disaster warnings to national and local users; and capacity-building programs, particularly in the Americas. The U.S. VCP contribution also yields economic benefits to the United States by enhancing weather data exchange and improving forecasts used by, inter alia, the agricultural, shipping, and defense sectors.

## ICAO AVIATION PROGRAMS

**\$1 million** - The United States promotes worldwide civil aviation security through its voluntary contributions to the International Civil Aviation Organization. ICAO's Universal Security Audit Program (USAP), begun in November 2002, evaluates the security of national civil aviation systems and, where warranted, individual airports, carriers, and aircraft.

## INTERNATIONAL DEVELOPMENT LAW ORGANIZATION (IDLO)

**\$0.3 million** - IDLO promotes the rule of law and good governance by providing training to legal practitioners in developing countries, technical assistance to governments in their legal reform efforts, and continuing education to legal professionals. IDLO helps build and sustain democratic, well-governed states that will respond to the needs of their people and conduct themselves responsibly in the international system.

## UNITED NATIONS EDUCATIONAL, SCIENTIFIC AND CULTURAL ORGANIZATION (UNESCO)

### INTERNATIONAL CONTRIBUTIONS FOR SCIENTIFIC, EDUCATIONAL AND CULTURAL ACTIVITIES (ICSECA)

**\$1 million** - UNESCO's Culture Sector provides solutions for assessing possible damage to UNESCO World Heritage sites in the event of a natural or man-made disaster. The United States sees an opportunity for UNESCO's International Program for the Development of Communication to reach millions of people through programs that focus on communications capability at the community level and the training of journalists in developing countries.

## INTERNATIONAL MARITIME ORGANIZATION (IMO) SECURITY

**\$0.4 million** - To maintain its national security, the United States must be able to deny potential adversaries the ability to mount attacks against the United States from the sea. U.S. contributions to IMO security programs support Long Range Identification and Tracking, Container Security, International Shipping and Port Facility, and Countering Piracy.

## ORGANIZATION OF AMERICAN STATES (OAS) DEVELOPMENT ASSISTANCE PROGRAMS

**\$5.2 million** - FY 2008 funding will focus on projects that strengthen the competitiveness of micro-, small- and medium-size enterprises and foster the development of the private sector. The amount requested will enable the OAS to meet its Summit of the Americas mandates in trade, labor, sustainable development and the environment, education, science and technology, culture, tourism, natural disaster mitigation and rural development. Voluntary contributions from IO&P

are pivotal in “capitalizing” the OAS Development Fund to seed and strengthen programs that have regional impact, leveraging approximately \$3 from other donors for every \$1 in U.S. contributions.

#### OAS FUND FOR STRENGTHENING DEMOCRACY

**\$2.5 million** - The OAS Democracy Fund provides readily available capital for essential democracy projects where even small sums can make a big difference. Of those activities the USG elects to support via the Democracy Fund, U.S. involvement represents approximately 70% of total funding for each project. The FY 2008 funding requested is needed to promote OAS democracy programs for the long-term process to defend and consolidate representative democracy. The electoral observation and technical assistance missions are critical to maintaining multilateral influence in that most basic of democratic institutions, the ballot box. At a minimum in FY 2008, there will be OAS electoral missions in Guatemala, Paraguay, The Dominican Republic, Trinidad & Tobago, Belize and Jamaica.

#### WORLD TRADE ORGANIZATION (WTO) GLOBAL TRUST FUND

**\$1 million** - The Fund offers an opportunity to demonstrate the concrete commitment of the USG to trade liberalization by supporting developing countries’ efforts to actively engage in WTO trade negotiations. This contribution to the global trust fund will continue to demonstrate the U.S. commitment to open trade, with a special focus on advancing trade in developing nations.

#### UN INNOVATION AND ENTREPRENEURSHIP INITIATIVE (UNIEI)

**\$10 million** - The UN Innovation & Entrepreneurship Initiative (UNIEI) will employ technical assistance grants to encourage UN system agencies, developing countries, business groups and NGOs to create positive entrepreneurial environments by advocating simplified property registration, liberalized access to credit, better enforcement of contracts, reformed labor-markets, and easier business licensing. UNIEI will facilitate exchanges between UN agencies, business leaders, entrepreneurial start-ups, parliamentarians, and government officials to diagnose problems and suggest pragmatic solutions. The initiative would establish a self-standing trust fund, governed by donors and advised by world-class entrepreneurial thinkers, modeled roughly on the UN Democracy Fund. Funding would be voluntary by donors, with this \$10 million request serving as a founding donation by the U.S. Moreover, the U.S. would seek matching contributions from private American and foreign foundations.

#### ORGANIZATION FOR SECURITY AND COOPERATION IN EUROPE (OSCE)

**\$4 million** - The OSCE is a multilateral mechanism for implementing the State Department’s transformational diplomacy agenda in the Balkans and countries of the former Soviet Union. The OSCE’s core objectives include early warning, conflict prevention, crisis management, and post-conflict rehabilitation.

<b>International Organizations and Programs</b>			
(\$ in thousands)			
	<b>FY 2006 Actual</b>	<b>FY 2007 Estimate</b>	<b>FY 2008 Request</b>
<b>International Organizations</b>			
Center for Human Settlements	149	*	1,000
IMO Maritime Security Programs	396	*	400
International Civil Aviation Organization	941	*	950
International Conservation Programs	5,890	*	5,906
International Contributions for Scientific, Educational, and Cultural Activities	990	*	1,000
International Development Law Organization	-	*	300
International Panel on Climate Change/UN Framework Convention on Climate Change	5,940	*	5,320
Montreal Protocol Multilateral Fund	21,285	*	19,000
OAS Development Assistance Programs	4,702	*	5,225
OAS Fund for Strengthening Democracy	2,475	*	2,500
Organization for Security & Cooperation in Europe (OSCE)	-	*	4,000
Reserve to be Allocated	-	*	-
UN Children's Fund	125,730	*	123,000
UN Democracy Fund (UNDEF)	[10,000]	*	14,000
UN Development Fund for Women	3,218	*	950
UN Development Program	108,900	*	75,300
UN Environment Program	10,159	*	9,524
UN Innovation and Entrepreneurship Initiative (UNIEI)	-	*	10,000
UN Office for the Coordination of Humanitarian Affairs (UN OCHA)	805	*	2,000
UN Voluntary Fund for Technical Cooperation in the Field of Human Rights	1,485	*	1,425
UN Voluntary Fund for Victims of Torture	6,517	*	4,750
UNIFEM Trust Fund	1,485	*	-
World Meteorological Organization	1,881	*	1,900
World Trade Organization	940	*	950
<b>Subtotal - International Organizations</b>	<b>303,888</b>	<b>*</b>	<b>289,400</b>
<b>Total</b>	<b>303,888</b>	<b>326,163</b>	<b>289,400</b>

## **II. REQUEST BY REGION**

Africa  
East Asia and the Pacific  
Europe and Eurasia  
Near East  
South and Central Asia  
Western Hemisphere

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# **AFRICA**

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## Africa Regional Overview

### Obstacles and Opportunities for Advancing Transformational Diplomacy

#### Request by Account

(\$ in thousands)	2006 Actual	2007 Estimate	2008 Request
Child Survival and Health	391,936	*	458,007
Development Assistance	596,273	*	490,445
Economic Support Fund	133,135	*	374,295
Foreign Military Financing	13,860	*	8,800
Global HIV/AIDS Initiative	1,239,152	*	3,421,000
International Disaster and Famine Assistance	179,790	*	113,500
International Military Education & Training	10,177	*	13,663
International Narcotics Control and Law Enforcement	3,168	*	34,180
Nonproliferation, Antiterrorism & Demining	26,446	*	23,824
Peacekeeping Operations	110,866	*	80,000
Public Law 480 (Food Aid)	850,873	*	467,500
Transition Initiatives	14,583	*	5,000
<b>Total</b>	<b>3,570,259</b>	<b>*</b>	<b>5,490,214</b>

U.S. resources in Africa are directed to helping African governments, institutions and African-based organizations incorporate good governance principles and innovative approaches to health, education, economic growth, agriculture, and environment programs. Conflict and political instability across Sub-Saharan Africa drain resources from development, encourage weapons proliferation, and breed poverty, disease, terrorism and corruption.

African countries cannot successfully transform their economies without economic growth, development of trade opportunities, and environmentally sound agricultural development. While there is a growing industrial sector in many African cities, agriculture still provides the dominant sources of livelihood for 65% or more of African populations and comprises 30% to 40% of Africa's GDP. Improving the infrastructure and financial sectors is necessary to decrease the costs of production and delivery of goods and services. As much of the continent's poverty and hunger remains concentrated in rural areas among small-scale farmers, generating higher agricultural growth not only would increase incomes and food supplies, but would stimulate broad-based economic growth through linkages with the non-agricultural sector. From 2006 to 2008, investments in Economic Growth have increased by 43%, in large measure because of the MCC.

The disease burden in Africa is the highest in the world. Life expectancy is lower than other regions and continues to decline. The health of Africans has deteriorated over the past decade because of the devastating interactions among poverty, conflict, and the rapid spread of HIV/AIDS and other infectious diseases such as tuberculosis and malaria. Poor health status has led to low productivity and perpetuation of poverty and inequity. Fundamental reform in Africa's education systems also is needed to lay the foundations for future economic and social progress. In addition to State and USAID funds, on-going and potential MCC funding for the region is substantial. Burkina Faso, Zambia, Kenya, Malawi, Niger, Rwanda, Uganda and Tanzania all benefit from Threshold country status and are aiming for compact eligibility. Mozambique, Namibia and Senegal also maintain eligibility status. Four countries have signed MCC compacts: Madagascar (\$110 million), Benin (\$307 million), Cape Verde (\$110 million) and Ghana (\$547 million).

By far the greatest part of the work mentioned above must be done at the country level, but some trans-boundary interventions and partnerships with regional organizations can make an important contribution to mitigating conflict, reducing and eliminating terrorism, and strengthening institutions of good governance on the continent. The principal goal of Africa Regional programs is to strengthen selected African regional institutions and organizations - including non-governmental organizations and associations - to improve their capacity to contribute to Africa's development in an environment of stability and security.

### **The Impact of P.L. 480 Emergency Food Assistance Comparisons between FY 2006 to FY 2008**

The FY 2006 appropriations include P.L 480 Title II Emergency Food Aid programs allocated to countries on an as-needed basis over the course of FY 2006. The FY 2008 P.L. 480 Title II Emergency Food Aid request has not been allocated to specific countries, as emergency food aid needs will be determined on an as-needed basis over the course of FY 2008. The only exception is Sudan where a portion of the likely emergency food aid to be needed in FY 2008 has been budgeted in advance.

The result of this differences in where emergency food aid shown in FY 2006 versus FY 2008 in Africa suggests a decrease in funds between the two years. Given that it is emergency assistance and not development assistance, it should be accounted for when making regional or country comparisons between FY 2006 and FY 2008. For Africa as a whole, emergency food aid allocations to countries in FY 2006 totaled \$1.2 billion. Thus, when emergency food aid is removed from the FY 2006 level then assistance to Africa increased by additional 29 percent (from 54% with emergency food aid included to 83% when emergency food aid is excluded). The swing that emergency food aid can have on the interpretation of country levels is also dramatic, as the two country examples in the table below show.

	2006 CBJ Actual	2008 CBJ Request	Change FY06 - FY08	Percent change FY06 - FY08
Africa, with Emergency Food Aid	3,559,655	5,490,214	1,930,559	54%
Africa, without Emergency Food Aid	2,865,786	5,245,214	2,379,428	83%
Examples:				
Democratic Republic of the Congo, with P.L. 480 Emergency Food aid	90,176	80,200	-9,976	-11%
Democratic Republic of the Congo, without P.L. 480 Emergency Food Aid	50278	80,200	29,922	60%
Liberia, with P.L. 480 Emergency Food Aid	105,997	115,575	-5,060	-5%
Liberia, without P.L. 480 Emergency Food Aid	92026	115,575	23,549	26%

## Resources to Help Advance Transformational Diplomacy

### Request by Objective and Area for Africa (in \$thousands)

	FY 2006 Actual	FY 2008 Request
<b>TOTAL</b>	3,570,259	5,490,214
<b>1 Peace &amp; Security</b>	225,489	227,247
1.1 Counter-Terrorism	19,700	27,738
1.2 Combating Weapons of Mass Destruction (WMD)	100	-
1.3 Stabilization Operations and Security Sector Reform	167,969	150,759
1.4 Counter-Narcotics	495	1,400
1.5 Transnational Crime	2,585	2,400
1.6 Conflict Mitigation and Reconciliation	34,640	44,950
<b>2 Governing Justly &amp; Democratically</b>	160,830	220,277
2.1 Rule of Law and Human Rights	24,246	26,538
2.2 Good Governance	70,522	76,439
2.3 Political Competition and Consensus-Building	31,618	69,073
2.4 Civil Society	34,444	48,227
<b>3 Investing in People</b>	1,971,256	4,147,283
3.1 Health	1,711,499	3,963,565
3.2 Education	210,906	157,051
3.3 Social and Economic Services and Protection for Vulnerable Populations	48,851	26,667
<b>4 Economic Growth</b>	587,597	519,137
4.1 Macroeconomic Foundation for Growth	4,817	700
4.2 Trade and Investment	29,726	29,627
4.3 Financial Sector	9,504	7,511
4.4 Infrastructure	77,748	107,861
4.5 Agriculture	353,766	261,968
4.6 Private Sector Competitiveness	30,001	39,221
4.7 Economic Opportunity	13,384	16,471
4.8 Environment	68,651	55,778
<b>5 Humanitarian Assistance</b>	625,087	376,270
5.1 Protection, Assistance and Solutions	607,000	374,056
5.2 Disaster Readiness	18,087	2,214

In FY 2008 funds will continue to be used to advance seven Presidential Initiatives—the President's Emergency Plan for AIDS Relief (PEFAR), Initiative to End Hunger in Africa (IEHA), the Africa Education Initiative (AEI), the African Global Competitiveness Initiative (AGCI), the Congo Basin Forest Partnership (CBFP), the President's Malaria Initiative (PMI), and the Women's Justice and Empowerment Initiative (WJEI). While continuing to address key development challenges across sub-Saharan Africa, resources will be concentrated in seven countries critical to the continent's stability, including Democratic Republic of the Congo, Ethiopia, Kenya, Liberia, Nigeria, South Africa, and Sudan.

**Peace and Security (\$227.2 million):** In order to assist African nations in preventing state failure and violent conflict, resources will focus on promoting effective and legitimate democratic government institutions in Rebuilding and Developing states. Efforts to strengthen regional security capacity as a means to address regional and transnational threats will involve a sustained focus on early warning systems, post-conflict reconstruction, and developing the capacity of the Africa Standby Force. To eliminate terrorist threats throughout the continent, but especially in ungoverned spaces, resources will be invested in African counterterrorism cooperation and capacity. This includes support for the Trans-Sahara Counterterrorism Partnership, a robust and multifaceted program to deny terrorists safe-havens, operational bases, and recruitment opportunities. Resources will also finance African regional institutions, such as the African Union (AU) and other regional and sub-regional partners, to address conflict mitigation and response issues combining regional, cross-border, and bilateral approaches use the State Department's Global Peace Operation Initiative (GPOI) and Africa Contingency Operations Training and Assistance (ACOTA) programming resources. This includes efforts to address the protection needs of civilians caught in conflict.

**Governing Justly and Democratically (\$220.3 million):** To enhance stability and increase the capacity of governments to govern justly, the United States will provide support to African nations to strengthen democratic institutions, professionalize security forces, and promote key reforms. Resources will also provide assistance and build African states' resolve to fight corruption and work closely with civil society organizations as emerging constituencies for reform, helping African citizens to hold their governments accountable. Resources will also be used to improve the administration of justice for victims of domestic violence as part of WJEL, which seeks to help the governments of Benin, Kenya, South Africa, and Zambia improve their ability to investigate, prosecute, and adjudicate gender-based violence and provide support to victims.

**Investing in People (\$4.1 billion):** Africa is the primary focus of the President's Emergency Plan for AIDS Relief, which will continue to provide significant funding to African countries experiencing the most serious effects of the HIV/AIDS pandemic. Through the President's Malaria Initiative, malaria prevention and treatment will be expanded with the goal of reducing mortality by 50% in target countries. Through the Africa Education Initiative, effort will aim to increase access to quality education by supporting training of new teachers and providing textbooks and scholarships for children. Funds will also support water and sanitation development and conservation programs such as the Congo Basin Forest Partnership.

**Economic Growth (\$519.1 million):** Africa's economic growth and fiscal balance indicators demonstrate a gap between its present stage of development and that of the average for the Developing countries category. Efforts to address this focus on stimulating private sector development, increasing African trade competitiveness, and integrating African nations in the global economy. Building on the success of the African Growth and Opportunity Act (AGOA), diplomatic and development resources will help facilitate increased cross-border, regional, and international trade. Efforts to break the cycle of recurrent food crises through agricultural and economic growth interventions will be made in partnerships with other donors and regional African organizations.

**Humanitarian Assistance (\$376.3 million):** U.S. Government programs will both prevent and respond to humanitarian crises across the continent. While activities vary across regions, the U.S. seeks to raise awareness and support for improved African disaster preparedness, mitigation, and response capacity.

Five countries have signed MCA Compacts in Africa: Cape Verde (\$110 million), Madagascar (\$109.8 million), Benin (\$307.3 million), Ghana (\$547.9 million) and Mali (\$460.8 million). Other 2007 Compact-eligible countries in Africa include Burkina Faso, Lesotho, Mozambique, Namibia, Senegal and Tanzania. At present, Burkina Faso (\$12.9 million), Malawi (\$20.9 million), Zambia (\$22.74 million) and Tanzania (\$11.15 million) have signed USAID-managed MCA Threshold Country Plans. (The Threshold Program is designed to assist a limited number of countries that have not yet qualified for MCA Compact assistance but have demonstrated a significant commitment to meeting the eligibility criteria.) Other 2007 Threshold-eligible countries in Africa include Kenya, Sao Tome and Principe, Uganda, Niger and Rwanda. The Millennium Challenge Corporation's Board of Directors in June 2006 suspended The Gambia's eligibility for MCA assistance citing a pattern of actions inconsistent with the MCC's selection criteria.

USAID is charged with overseeing the implementation of Threshold Country Plans, including working with countries to identify appropriate implementing partners such as local, United States, and international firms; non-governmental organizations (NGOs); U.S. government agencies; and international organizations.

Of the 15 PEPFAR focus countries, 12 are located in sub-Saharan Africa. The U.S. provides global technical leadership on the full range of issues related to HIV/AIDS prevention, care, and treatment; manage numerous research and field support programs; and monitor the impact of these programs. The U.S. works with governments, nongovernmental organizations, and the private sector to provide training, technical assistance, and supplies-including pharmaceuticals-to prevent and reduce the transmission of HIV/AIDS and provide care and treatment to people living with the disease.

The United States is uniquely positioned to support multi-sectoral responses to HIV/AIDS that address its widespread impact outside of the health sector in high-prevalence countries. In these countries, the United States supports programs in areas such as agriculture, education, democracy, and trade that link to HIV/AIDS and mutually support the objective of reducing the impact of the pandemic on African nations, communities, families, and individuals.

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**ANGOLA**  
Developing

**Obstacles and Opportunities for Advancing Transformational Diplomacy**

Angola is at a pivotal juncture in its development and reconstruction, emerging from 27 years of civil war. The civil war, which ended in 2002, devastated the physical infrastructure, stunted human capital development, and discouraged the emergence of governance systems conducive to transparency and accountability. Abundant energy and diamond wealth have yet to translate to better lives for Angola's people; the country's health and social indicators are among the worst in the world. Since the end of the war, the country has embarked on the arduous process of renewal through resettling internally displaced persons and refugees, rebuilding damaged infrastructure and reunifying the country. Other major challenges include instituting responsible governance and effective service delivery, reducing corruption, and diversifying the economy in order to narrow large disparities in wealth.

A stable, democratic and economically progressive Angola would have a positive impact on the region and continent, and would contribute to the international fight against drug trafficking and organized crime. Furthermore, Angola has the military strength to play a positive role in peacekeeping operations. Recently, the Government of Angola (GOA) has made significant overtures indicating its willingness to reform its public sector in return for a larger share in global trade. Support for these reforms would lead to progress in achieving transformational diplomacy.

**Resources to Help Advance Transformational Diplomacy**

**Request by Objective**

(\$ in thousands)	2006 Actual	2007 Estimate	2008 Request
Peace & Security	6,606	*	6,800
Governing Justly & Democratically	5,961	*	10,172
Investing in People	14,634	*	15,400
Economic Growth	1,449	*	2,463
Humanitarian Assistance	3,521	*	115
<b>Total</b>	<b>32,171</b>	<b>*</b>	<b>34,950</b>

**Request by Account**

(\$ in thousands)	2006 Actual	2007 Estimate	2008 Request
Child Survival and Health	13,634	*	15,400
Development Assistance	5,468	*	12,750
Economic Support Fund	2,970	*	0
International Military Education & Training	486	*	500
Nonproliferation, Antiterrorism & Demining	6,120	*	6,300
Public Law 480 (Food Aid)	3,493**	*	0
<b>Total</b>	<b>32,171</b>	<b>*</b>	<b>34,950</b>

\*\*FY 2006 includes \$3.493 million of P.L. 480 Title II emergency food aid. Emergency food aid has not been allocated to countries in FY 2008

**Peace and Security (\$6.8 million):** U.S. assistance to Angola supports humanitarian landmine clearance programs that are critical to opening vast areas of roads and countryside. This, in turn, facilitates the free movement of people and commerce, provides access to social services, and promotes development. The United States also supports the GOA's efforts to develop its own

capacity to conduct humanitarian landmine clearance. Furthermore, U.S. assistance bolsters improved professionalism in the Angolan Armed Forces through International Military Education and Training and Medflag medical training and humanitarian assistance exercises. With additional assistance, Angola has the potential to become a leader in providing stability for the entire region.

**Governing Justly and Democratically (\$10.2 million):** Building government capacity for transparent, accountable, and participatory governance is the greatest area of developmental concern in Angola under this objective. U.S. assistance focuses on: 1) promoting local government and decentralization; 2) improving civic participation; 3) advancing the public sector executive function; 4) supporting increased transparency and accountable fiscal programming; 5) strengthening civil society; 6) improving the quality of dialogue between government and civil society while enhancing service delivery; 7) laying the groundwork for expected elections in 2008 and 2009; 8) strengthening political processes; 9) promoting norms and understanding of political parties; and 10) bolstering the justice system. The program has successfully increased public-private sector dialogue on critical socioeconomic issues such as oil revenue management, HIV/AIDS, land reform, and the electoral process.

**Investing in People (\$15.4 million):** Poor health care and low life expectancy are areas of deep concern in Angola's social development. U.S. assistance reinforces Angolan efforts to combat the spread of HIV/AIDS, with an emphasis on prevention and behavioral change, improving family planning and reproductive health care, reducing tuberculosis, eradicating polio, and fighting malaria through the President's Malaria Initiative (PMI).

**Linkage with the President's Malaria Initiative:** In FY 2008, Angola will expand efforts to scale up proven preventive and treatment interventions toward achievement of 85% coverage among vulnerable groups to support the PMI goal of reducing malaria-related morbidity by 50 percent. These proven interventions include artemisinin-based combination therapies for the treatment of malaria; a combination of insecticide-treated mosquito nets and indoor residual spraying to prevent malaria; and intermittent preventive treatment to address the impact of malaria in pregnancy.

**Linkages with the President's Plan for AIDS Relief (PEPFAR):** Angola will receive significant support for bilateral HIV/AIDS programs in FY 2008, with programmatic emphasis on a range of interventions related to care, treatment, and prevention. Angola will also receive PEPFAR resources for HIV/AIDS outside of the Foreign Operations appropriations.

**Economic Growth (\$2.5 million):** While Angola's overall economic growth is strong, the economy suffers from an inability to generate broad-based prosperity. U.S. assistance increases agricultural sector productivity, strengthens financial services, improves the financial sector's ability to foster growth, promotes inclusive economic law and property rights, and expands trade and investment capacity. U.S. assistance also supports a workforce development program geared toward building the entrepreneurial skills of youth.

**Humanitarian Assistance (\$0.1 million):** A modest level of U.S. assistance provides an invaluable input for strengthening Angola's capacity to respond to and mitigate food crises.



## Request by Element

(\$ in Thousands)	2006 Actual	2007 Estimate	2008 Request
<b>TOTAL</b>	32,171	*	34,950
Peace & Security	6,606	*	6,800
Stabilization Operations and Security Sector Reform	6,606	*	6,800
Destruction and Security of Conventional Weapons	0	*	500
Explosive Remnants of War (ERW)	6,120	*	5,800
Defense, Military, and Border Restructuring, Reform and Operations	486	*	500
Governing Justly & Democratically	5,961	*	10,172
Rule of Law and Human Rights	280	*	530
Justice System	250	*	200
Human Rights	0	*	300
Program Support (Rule of Law)	30	*	30
Good Governance	2,465	*	6,200
Public Sector Executive Function	600	*	1,200
Local Government and Decentralization	1,556	*	4,500
Program Support (Governance)	309	*	500
Political Competition and Consensus-Building	2,050	*	1,600
Elections and Political Processes	1,200	*	1,000
Political Parties	650	*	500
Program Support (Political Competition)	200	*	100
Civil Society	1,166	*	1,842
Civic Participation	1,006	*	1,650
Program Support (Civil Society)	160	*	192
Investing in People	14,634	*	15,400
Health	13,134	*	15,400
HIV/AIDS	2,768	*	4,400
Tuberculosis	395	*	400
Malaria	7,500	*	7,500
Maternal and Child Health	494	*	1,100
Family Planning and Reproductive Health	1,977	*	2,000
Social and Economic Services and Protection for Vulnerable Populations	1,500	*	0
Social Services	1,500	*	0
Economic Growth	1,449	*	2,463
Trade and Investment	0	*	225
Trade and Investment Capacity	0	*	215
Program Support (Trade)	0	*	10
Financial Sector	530	*	850
Financial Sector Enabling Environment	500	*	500
Financial Services	0	*	300
Program Support (Financial Sector)	30	*	50
Agriculture	170	*	960
Agricultural Sector Productivity	150	*	900
Program Support (Agriculture)	20	*	60
Private Sector Competitiveness	474	*	106
Workforce Development	424	*	100
Program Support (Private Sector)	50	*	6
Economic Opportunity	275	*	322
Inclusive Economic Law and Property Rights	250	*	300
Program Support (Econ Opportunity)	25	*	22

(\$ in Thousands)	2006 Actual	2007 Estimate	2008 Request
Humanitarian Assistance	3,521	*	115
Protection, Assistance and Solutions	3,521	*	0
Crisis Assistance and Recovery	3,493	*	0
Program Support (Protection)	28	*	0
Disaster Readiness	0	*	115
Capacity Building, Preparedness, and Planning	0	*	100
Program Support (Disaster Readiness)	0	*	15

### Statement of Changes

Funding for Angola has increased from FY 2006 levels. The Governing Justly and Democratically objective nearly doubled from FY 2006 levels, reflecting the strategic importance of improved governmental institutions to move Angola along the development trajectory. The increase in the Investing in People objective is a result of increased funding for PMI. Funding for the Economic Growth Objective has increased modestly, reflecting the growing success the United States has had in working with financial sector institutions and influencing the financial sector enabling environment. Finally, the Humanitarian Assistance objective has been reduced to a level that reflects improved food production capability and enhanced distribution systems. Food aid resources (P.L. 480 Title II) have now been zeroed out due to the end of the war, displaced populations returning home, and improved access to land and markets for farmers.

**BENIN**  
Transforming

**Obstacles and Opportunities for Advancing Transformational Diplomacy**

Benin is a stable democratic country with significant potential to prosper. The U.S. collaboration with Benin in the area of defense and military restructuring reform and operations is important not only for Benin's domestic security, but also in sustaining Benin's ability to effectively participate in regional peace and security activities. Independent indicators show that Benin performs very well on several measures of good governance and democracy. However, a weak record of promoting transparency and combating corruption continues to hinder good governance. The election of an outsider, Boni Yayi, on a strong reform platform to the presidency in March 2006 is an indication that these weaknesses will be overcome. Low levels of health and education, by contrast, are the most dramatic constraints to Benin's development and prospects for economic growth.

**Resources to Help Advance Transformational Diplomacy**

**Request by Objective**

(\$ in thousands)	2006 Actual	2007 Estimate	2008 Request
Peace & Security	145	*	150
Investing in People	13,575	*	10,824
<b>Total</b>	<b>13,720</b>	*	<b>10,974</b>

**Request by Account**

(\$ in thousands)	2006 Actual	2007 Estimate	2008 Request
Child Survival and Health	7,606	*	8,100
Development Assistance	4,378	*	2,724
International Military Education & Training	145	*	150
Public Law 480 (Food Aid)	1,591	*	0
<b>Total</b>	<b>13,720</b>	*	<b>10,974</b>
Peace Corps	3011	*	3040

**Peace and Security (\$0.2 million):** U.S. resources will support the development of a professional, non-political, and well-trained military force that will: contribute to Benin's stability; support border security; and enhance regional peacekeeping capacity through IMET training activities. Benin has taken a leadership role in maritime security for the Gulf of Guinea and IMET will support efforts to ensure regional stability by enhancing the military's capability to maintain control of its waters and coastline.

**Investing in People (\$10.8 million):** U.S. resources will focus solely on addressing substantial challenges in health and education. Although Benin is a middle-ranked country for HIV prevalence, there is potential for the epidemic to spread. Therefore, U.S. assistance will focus on containing and reducing the spread of HIV/AIDS. High maternal, infant and under-five mortality rates will also be addressed. This includes prevention and treatment of malaria, a pervasive threat, along with improving family planning and reproductive health practices.

Linkage with the President's Malaria Initiative (PMI): Benin will be a new PMI country in FY 2008 and support the PMI goal of reducing malaria-related morbidity by 50% in the 15

participating African countries. Benin will achieve this goal over three years by reaching 85% coverage of vulnerable groups with proven preventive and therapeutic interventions. These include artemisinin-based combination therapies for the treatment of malaria; a combination of insecticide-treated mosquito nets and indoor residual spraying to prevent malaria; and intermittent preventive treatment to address the impact of malaria in pregnancy.

Linkages with the President's Plan for AIDS Relief (PEPFAR): Benin will receive significant support for bilateral HIV/AIDS programs in FY 2008, with programmatic emphasis on a range of interventions related to care, treatment, and prevention.

In Benin, low adult literacy of less than 35% is attributed in large part to a primary education completion rate of less than 49%. Assistance will target basic education. U.S. assistance will target basic education and will help increase basic literacy and numeracy needed for a modern economy. A strong focus will be on reducing the substantial gender gap in primary school enrollment and completion as well as improving management within the basic education system. Concentration on health and education will support successful implementation of the Millennium Challenge Compact (MCC) in Benin.

### Request by Element

(\$ in Thousands)	2006	2007	2008
	Actual	Estimate	Request
<b>TOTAL</b>	13,720	*	10,974
Peace & Security	145	*	150
Stabilization Operations and Security Sector Reform	145	*	150
Defense, Military, and Border Restructuring, Reform and Operations	145	*	150
Investing in People	13,575	*	10,824
Health	7,606	*	8,100
HIV/AIDS	1,977	*	2,000
Malaria	1,774	*	2,500
Maternal and Child Health	1,680	*	2,050
Family Planning and Reproductive Health	2,175	*	1,550
Education	5,969	*	2,724
Basic Education	5,569	*	2,724
Higher Education	400	*	0

### Linkages with the Millennium Challenge Corporation (MCC)

Millennium Challenge Account resources support economic growth which is key to Benin's long-term goals for development and poverty reduction. Benin signed a five-year, \$307.3 million compact with the MCC on February 22, 2006. This compact is designed to address the entire chain of development by removing constraints to economic growth and supporting improvements in physical and institutional infrastructures. Projects will target judicial reform, financial services, port infrastructure and land tenure. The expected result of the MCC compact is to lift 250,000 citizens out of poverty by 2015.

### **Statement of Changes**

Compared to FY 2006, CSH funding increased and DA and P.L. 480 funding decreased reflecting the priority interventions necessary to move Benin along the development trajectory. Health and education continue to be priorities for supporting Benin's development and economic growth. Accordingly, the CSH account has increased by almost \$0.5 million between FY 2006 and FY 2008. This increase will support HIV/AIDS, malaria, and maternal and child health programs. The DA account has decreased by over \$1.6 million, with a tightening programmatic and geographic focus for the education program.

**BOTSWANA**  
Sustaining Partnership

**Obstacles and Opportunities for Advancing Transformational Diplomacy**

A member of the Southern African Development Community and an exemplary market-oriented democracy, Botswana advances regional stability. U.S. assistance in Botswana focuses on the fight against HIV/AIDS and the continuation of excellent bilateral relations. The HIV/AIDS pandemic presents a severe challenge to Botswana, threatening to undo many of its social and economic gains. HIV/AIDS decimates Botswana's young, productive classes, with a 24.1 percent prevalence rate among adults 15-49 years of age, and 33.4 percent among pregnant women.

Botswana is relatively prosperous in comparison to many of its neighbors because it has used its natural resources to develop the country. Promoting and sustaining economic development and natural resource management through USAID/Southern Africa regional programs is critical to helping Botswana alleviate poverty and reduce income inequality, as at least 30 percent of the population lives below the poverty line. Continued droughts threaten both groundwater and river basin water levels, which in turn affect the availability of water for tourism, human consumption, agriculture, and industry.

**Resources to Help Advance Transformational Diplomacy**

**Request by Objective**

(\$ in thousands)	2006 Actual	2007 Estimate	2008 Request
Peace & Security	760	*	690
Investing in People	41,000	*	79,000
<b>Total</b>	<b>41,760</b>	*	<b>79,690</b>

**Request by Account**

(\$ in thousands)	2006 Actual	2007 Estimate	2008 Request
Global HIV/AIDS Initiative	41,000	*	79,000
International Military Education & Training	760	*	690
<b>Total</b>	<b>41,760</b>	*	<b>79,690</b>
Peace Corps	1471	*	1676

**Peace and Security (\$0.7 million):** Botswana has one of Africa's most professional and responsible military establishments and offers a model for civilian-military relations for the rest of the continent. Botswana has provided a venue for regional military exchanges that have promoted a spirit of regional cooperation. The United States seeks to expand connections with Botswana's military leaders through the International Military Education and Training (IMET) program and supports their interest in strengthening both domestic and regional civil-military and military-to-military relations, while improving their capacity to participate meaningfully in peacekeeping operations. Funding will be used to send Botswana Defense Force officers and NCOs to courses such as Command and General Staff College and the Sergeant Major's Academy, as well as specific topic courses. These courses reinforce democratic principles by teaching the role of the military in democracy, the centrality of human rights, and the primacy of law.

**Request by Element**

(\$ in Thousands)	2006 Actual	2007 Estimate	2008 Request
<b>TOTAL</b>	41,760	*	79,690
Peace & Security	760	*	690
Stabilization Operations and Security Sector Reform	760	*	690
Defense, Military, and Border Restructuring, Reform and Operations	760	*	690
Investing in People	41,000	*	79,000
Health	41,000	*	79,000
HIV/AIDS	41,000	*	79,000

**Linkages with The President's Plan for AIDS Relief (PEPFAR)**

Botswana is a PEPFAR focus country, receiving \$79 million of GHAI and \$7.6 million of HHS Global AIDS Program funding in FY 2008 to combat HIV/AIDS. These funds will be used, under the leadership of the host country government, to scale up integrated prevention, care and treatment programs throughout the country. PEPFAR support is invested in partnerships to help the nation build its capacity for a sustainable response.

**Statement of Changes**

No major shifts in the Botswana program are envisioned. Changes will be limited to operational changes required to accommodate the modest 10 % reduction in program funding while maintaining program effectiveness.

**BURKINA FASO**  
Developing

**Obstacles and Opportunities for Advancing Transformational Diplomacy**

The major obstacles impeding Burkina Faso's development include weak democratic institutions, fragile food security, corruption, debilitating diseases, and a history of destabilizing involvement beyond its borders. Burkina Faso is also a country that is still making the transition from an authoritarian government to a multiparty democracy and, therefore, its democratic institutions are weak and in need of development. Despite significant economic reforms, Burkina Faso remains one of the poorest countries in the world, and still suffers from annual food security challenges. It has few natural resources and a weak industrial base. Instability in neighboring countries also negatively affects the Burkinabe economy. Therefore, Burkina Faso's contribution of troops for the Economic Community of West African States and African Union peacekeeping operations and its support of peace efforts in Sudan, the Democratic Republic of Congo, Burundi, Cote d'Ivoire, and Liberia are positive developments. Likewise, the fact that it has ratified all United Nations Security Council resolutions as well as terrorist finance and anti-money laundering laws are also positive.

**Resources to Help Advance Transformational Diplomacy**

**Request by Objective**

(\$ in thousands)	2006 Actual	2007 Estimate	2008 Request
Peace & Security	123	*	200
Investing in People	13,316	*	7,468
Economic Growth	4,393	*	2,532
<b>Total</b>	<b>17,832</b>	*	<b>10,200</b>

**Request by Account**

(\$ in thousands)	2006 Actual	2007 Estimate	2008 Request
International Military Education & Training	123	*	100
International Narcotics Control and Law Enforcement	0	*	100
Public Law 480 (Food Aid)	17,709	*	10,000
<b>Total</b>	<b>17,832</b>	*	<b>10,200</b>
Peace Corps	2779	*	3114

**Peace and Security (\$0.2 million):** Burkina Faso's role in the world community is evolving into one that is responsible and peaceful. U.S. funds are used to address law enforcement restructuring and reform and anti-trafficking in persons activities. Funds will also provide opportunities for enhancing the professionalism of the armed forces including developing English language capability and emphasizing the importance of such principles as civilian control of the military, respect for human rights, defense resources management, and military justice. Burkina Faso participates in humanitarian and peacekeeping operations on the continent and is the newest member of the Africa Contingency Operations Training and Assistance (ACOTA) program, which enhances the armed forces capacity to conduct effective peacekeeping throughout Africa.

**Investing in People (\$7.47 million):** As one of the poorest countries in the world, Burkina Faso confronts serious health and education problems and funding will focus on these areas. Funding for basic education will be focused on access to food through school feeding programs. Health



funding will support HIV/AIDS, maternal and child health, and water supply and sanitation programs.

**Linkages with The President's Plan for AIDS Relief (PEPFAR)**

In FY 2008, Burkina Faso will receive \$0.45 million in support for bilateral HIV/AIDS programs from USAID accounts as another bilateral PEPFAR country, with programmatic emphasis on the range of interventions related to care, treatment, and prevention.

**Economic Growth (\$2.532 million):** Burkina Faso suffers from chronic nutritional problems, and has a high level of population growth. Because the economy is largely an agriculture based economy, funding to support agricultural sector productivity will address both economic growth and food security. U.S. assistance focuses on agricultural sector productivity through reducing food insecurity by facilitating farmer access to inputs and training needed to increase productivity and protecting and building the community and household level assets to diversify income earning opportunities.

**Request by Element**

(\$ in Thousands)	2006 Actual	2007 Estimate	2008 Request
<b>TOTAL</b>	17,832	*	10,200
Peace & Security	123	*	200
Stabilization Operations and Security Sector Reform	123	*	100
Law Enforcement Restructuring, Reform and Operations	123	*	100
Transnational Crime	0	*	100
Trafficking-in-Persons and Migrant Smuggling	0	*	100
Investing in People	13,316	*	7,468
Health	802	*	450
HIV/AIDS	80	*	45
Maternal and Child Health	321	*	180
Water Supply and Sanitation	401	*	225
Education	10,410	*	5,838
Basic Education	10,410	*	5,838
Social and Economic Services and Protection for Vulnerable Populations	2,104	*	1,180
Social Assistance	2,104	*	1,180
Economic Growth	4,393	*	2,532
Agriculture	2,293	*	1,286
Agricultural Sector Productivity	2,293	*	1,286
Economic Opportunity	2,100	*	1,246
Strengthen Microenterprise Productivity	2,100	*	1,246

**Linkages with the Millennium Challenge Corporation (MCC)**

The Millennium Challenge Corporation (MCC) has awarded Burkina Faso almost \$13 million under its Threshold Program to address the low percentage of girls' completing primary school. Burkina Faso is eligible for and actively taking steps to take become a Compact country.

**Statement of Changes**

Funding for Burkina Faso has decreased from FY 2006 levels in IMET and P.L. 480, while INCLE has increased. In Peace and Security, law enforcement restructuring and reform decreased slightly, while anti-trafficking increased by \$0.1 million. P.L. 480 has decreased by \$7.709 million, which has reduced health and economic growth programs, as well as education programs funded with these resources.

**BURUNDI**  
Developing

**Obstacles and Opportunities for Advancing Transformational Diplomacy**

The Government of Burundi (GOB) has the opportunity to rebuild the physical and institutional infrastructure necessary to entrench democracy and stability, advance reconstruction, stimulate economic development, and improve health. Burundi is an emerging post-conflict democracy whose success is critical to restoring peace and stability in the Great Lakes region. In 2005, Burundi completed its political transition becoming the first sub-Saharan African country since South Africa to move from minority rule to a democratic majority rule via negotiations and elections. President Nkurunziza's inauguration in August 2005 represented a milestone in Burundi's transition to peace following increased ethnic violence between Hutu and Tutsi ethnic groups after the 1993 assassination of Burundi's first democratically elected president. With the lifting of Section 508 sanctions on Burundi on October 18, 2005, the United States is now able to resume direct assistance to the GOB. The resumption of U.S. assistance is key to helping the GOB rebuild its economy and political and social infrastructure. Burundi's government recognizes that sustainable economic growth is critical to maintaining public confidence in a democratic system.

**Resources to Help Advance Transformational Diplomacy**

**Request by Objective**

(\$ in thousands)	2006 Actual	2007 Estimate	2008 Request
Peace & Security	640	*	2,550
Governing Justly & Democratically	4,004	*	5,700
Investing in People	3,057	*	6,000
Economic Growth	3,118	*	14,300
Humanitarian Assistance	14,669	*	0
<b>Total</b>	<b>25,488</b>	*	<b>28,550</b>

**Request by Account**

(\$ in thousands)	2006 Actual	2007 Estimate	2008 Request
Child Survival and Health	2,570	*	6,000
Development Assistance	2,917	*	17,000
Economic Support Fund	3,811	*	0
International Military Education & Training	140	*	200
Nonproliferation, Antiterrorism & Demining	0	*	350
Public Law 480 (Food Aid)	14,669**	*	5,000
Transition Initiatives	1,381	*	0
<b>Total</b>	<b>25,488</b>	*	<b>28,550</b>

\*\*FY 2006 includes \$14.669 million of P.L. 480 Title II emergency food aid. Emergency food aid has not been allocated to countries in FY 2008

**Peace and Security (\$2.6 million):** The GOB is engaging in a major disarmament program for civilians and ex-combatants. In support of these efforts, U.S. funding will focus on disarmament, demobilization, and reintegration. The U.S. will offer further support through stabilization operations and security sector reform. Additional programs will focus on conflict mitigation and response. Eliminating explosive remnants of war and programs aimed at defense, military, and border security restructuring, reform, and operations will contribute to overall peace and security.

**Governing Justly and Democratically (\$5.7 million):** To help Burundi rebuild democratic institutions, the United States will support good governance by strengthening the public sector executive function and legislative institutions, helping the GOB eradicate corruption, and promoting the rule of law. In addition, programs will provide technical training and human rights awareness workshops to the Burundian military, police, and judiciary, emphasizing the importance of respect for the rule of law and the authority of a democratically elected government. U.S. assistance programs will continue to help Burundi build an inclusive democracy by strengthening civil society and supporting independent media by providing training to increase the capacity of Burundian journalists and the organizational and financial sustainability of Burundian media and civil society organizations.

**Investing in People (\$6.0 million):** Burundi's HIV/AIDS prevalence rates are among the highest in the region and years of conflict have destroyed the health infrastructure. The United States will work with the Burundian government and local and international non-governmental organizations to improve the quality of clinical services in the country, and to strengthen local networks for the prevention of HIV/AIDS as well as for care and support of people living with HIV/AIDS. U.S. assistance will also focus on improving access to and demand for maternal and child health services in order to reduce the prevalence of mortality in children under five.

Linkages with the President's Plan for AIDS Relief (PEPFAR): Burundi will receive significant support for bilateral HIV/AIDS programs in FY 2008, with programmatic emphasis on a range of interventions related to care, treatment, and prevention.

**Economic Growth (\$14.3 million):** Burundi's foreign direct investment and economic growth indicators are below the average for similar countries. U.S. funds will focus on Burundi's agricultural, business and trade capacity and enabling environments. An estimated 90% of the population remains dependent on subsistence agriculture; therefore, programs will focus funding on the agricultural enabling environment, agricultural sector productivity, and infrastructure improvements. Additional activities will work to expand the number of off-farm economic opportunities available to Burundians by improving the productivity of Burundi's private sector as well as strengthening the financial and regulatory environment for Burundian entrepreneurs.

### Request by Element

(\$ in Thousands)	2006 Actual	2007 Estimate	2008 Request
<b>TOTAL</b>	25,488	*	28,550
Peace & Security	640	*	2,550
Stabilization Operations and Security Sector Reform	140	*	2,050
Disarmament, Demobilization & Reintegration (DDR)	0	*	1,500
Explosive Remnants of War (ERW)	0	*	350
Defense, Military, and Border Restructuring, Reform and Operations	140	*	200
Conflict Mitigation and Reconciliation	500	*	500
Conflict Mitigation	500	*	500
Governing Justly & Democratically	4,004	*	5,700
Rule of Law and Human Rights	260	*	500
Constitutions, Laws, and Legal Systems	100	*	0
Justice System	150	*	0
Human Rights	0	*	500
Program Support (Rule of Law)	10	*	0
Good Governance	2,404	*	3,200

(\$ in Thousands)	2006 Actual	2007 Estimate	2008 Request
Legislative Function and Processes	0	*	1,000
Public Sector Executive Function	963	*	1,200
Local Government and Decentralization	349	*	0
Anti-Corruption Reforms	459	*	1,000
Program Support (Governance)	633	*	0
Political Competition and Consensus-Building	300	*	0
Consensus-Building Processes	286	*	0
Program Support (Political Competition)	14	*	0
Civil Society	1,040	*	2,000
Civic Participation	150	*	1,000
Media Freedom and Freedom of Information	626	*	1,000
Program Support (Civil Society)	264	*	0
Investing in People	3,057	*	6,000
Health	3,057	*	6,000
HIV/AIDS	1,977	*	2,500
Maternal and Child Health	1,080	*	3,500
Economic Growth	3,118	*	14,300
Trade and Investment	0	*	1,400
Trade and Investment Capacity	0	*	1,400
Financial Sector	0	*	900
Financial Services	0	*	900
Infrastructure	0	*	750
Modern Energy Services	0	*	750
Agriculture	1,237	*	8,400
Agricultural Enabling Environment	0	*	900
Agricultural Sector Productivity	1,114	*	7,500
Program Support (Agriculture)	123	*	0
Private Sector Competitiveness	1,881	*	2,850
Business Enabling Environment	0	*	1,425
Private Sector Productivity	0	*	1,425
Workforce Development	1,861	*	0
Program Support (Private Sector)	20	*	0
Humanitarian Assistance	14,669	*	0
Protection, Assistance and Solutions	14,669	*	0
Crisis Assistance and Recovery	14,669	*	0

### Statement of Changes

Funding for Burundi has increased from FY 2006 levels. The significant shift away from emergency and humanitarian activities under the P.L. 480 and Transition Initiatives accounts toward the DA and CSH accounts reflects renewed focus on sustainable development activities as Burundi builds democratic institutions in a post-conflict environment. In addition to programs focusing on democracy and governance and health, the DA account includes a large increase in activities that will foster economic growth.

**CAMEROON**  
Developing

**Obstacles and Opportunities for Advancing Transformational Diplomacy**

Cameroon is one of the most stable countries on the African continent and an unwavering supporter of U.S. foreign policy objectives. The Chad-Cameroon pipeline, launched by a United States-led consortium in 2000 and operating smoothly since late 2003, is the largest commercial undertaking in sub-Saharan Africa. As a result of the pipeline, the United States has become one of the leading foreign investors in Cameroon. At the same time, Cameroon struggles with high levels of corruption in all areas of society. Market-oriented policies, stronger efforts to combat corruption, and improved infrastructure are all needed to better integrate Cameroon into the global economy and to attract further investments. President Biya, who has been in power since 1982, retains the power to control legislation or rule by decree, as well as to appoint or dismiss judges and local representatives. The ruling party's long tenure has complicated efforts by opposition parties to develop.

U.S. foreign policy objectives in Cameroon include helping the government bolster its ability to govern justly and democratically, ensuring peace and stability, investing in people, and fostering economic growth. Progress on these transformational goals will require both significantly higher levels of program funding than made available in recent years and a commitment by the government to reform. Cameroon is keenly interested in the Millennium Challenge Account (MCA) and is working to become eligible for MCA funding. Until Cameroon takes action on the obstacles facing its transformational development, the opportunities for effective U.S. assistance programming are limited.

**Resources to Help Advance Transformational Diplomacy**

**Request by Objective**

(\$ in thousands)	2006 Actual	2007 Estimate	2008 Request
Peace & Security	231	*	295
Investing in People	0	*	1,000
<b>Total</b>	<b>231</b>	<b>*</b>	<b>1,295</b>

**Request by Account**

(\$ in thousands)	2006 Actual	2007 Estimate	2008 Request
Child Survival and Health	0	*	1,000
International Military Education & Training	231	*	295
<b>Total</b>	<b>231</b>	<b>*</b>	<b>1,295</b>
Peace Corps	2994	*	3408

**Peace and Security (\$0.3 million):** Funding under this objective focuses on the Stabilization Operations and Security Sector Reform Program Area to improve its security forces through the International Military Education and Training (IMET) Program. U.S. assistance will provide training in resource management, civilian-military relations, and English language proficiency. Cameroon's strategic location and relative stability make it a good candidate for the development of peacekeeping forces and the Government of Cameroon has indicated that it would like to expand such capabilities. U.S. support to Cameroon's military promotes positive relationships and ensures more ready access to Cameroonian air and port facilities.

**Investing in People (\$1.0 million):** Linkages with the President's Plan for AIDS Relief (PEPFAR): Cameroon will receive significant support for bilateral HIV/AIDS programs in FY 2008, with programmatic emphasis on a range of interventions related to care, treatment, and prevention.

**Request by Element**

(\$ in Thousands)	2006 Actual	2007 Estimate	2008 Request
<b>TOTAL</b>	231	*	1,295
Peace & Security	231	*	295
Stabilization Operations and Security Sector Reform	231	*	295
Defense, Military, and Border Restructuring, Reform and Operations	231	*	295
Investing in People	0	*	1,000
Health	0	*	1,000
HIV/AIDS	0	*	1,000

**Statement of Changes**

Funding for Cameroon has increased from FY 2006 levels, primarily because of the request for more resources to reduce the prevalence and impact of HIV/AIDS.

**CAPE VERDE**  
Developing

**Obstacles and Opportunities for Advancing Transformational Diplomacy**

Cape Verde is one of the most democratic countries in Africa, despite problems with the legislative and presidential elections held in January and February 2006. It is also a transit point for illegal drugs from South America en route to Europe and mainland Africa. Money laundering is a key problem tied to the flow of illegal drugs. Cape Verde is one of Africa's success stories, with relatively high literacy rates, per capita incomes and health indicators. It was one of the first Millennium Corporation Account (MCA) eligible countries in Africa, and MCA funding is being disbursed, complementing U.S. bilateral assistance programs.

**Resources to Help Advance Transformational Diplomacy**

**Request by Objective**

(\$ in thousands)	2006 Actual	2007 Estimate	2008 Request
Peace & Security	124	*	600
Investing in People	1,000	*	0
Economic Growth	4,195	*	0
<b>Total</b>	<b>5,319</b>	<b>*</b>	<b>600</b>

**Request by Account**

(\$ in thousands)	2006 Actual	2007 Estimate	2008 Request
International Military Education & Training	124	*	100
International Narcotics Control and Law Enforcement	0	*	500
Public Law 480 (Food Aid)	5,195	*	0
<b>Total</b>	<b>5,319</b>	<b>*</b>	<b>600</b>
Peace Corps	1692	*	1818

**Peace and Security (\$0.6 million):** U.S. assistance will enhance counter-narcotics capabilities to prevent and interrupt the future movement of the trafficking of narcotics, including development of a modern laboratory facility to assist police in counter-narcotics investigations. Assistance will also be used to build military and coast guard capacity to enhance port and coastal security.

**Request by Element**

(\$ in Thousands)	2006 Actual	2007 Estimate	2008 Request
<b>TOTAL</b>	<b>5,319</b>	<b>*</b>	<b>600</b>
Peace & Security	124	*	600
Stabilization Operations and Security Sector Reform	124	*	100
Defense, Military, and Border Restructuring, Reform and Operations	124	*	100
Counter-Narcotics	0	*	500
Interdiction	0	*	500
Investing in People	1,000	*	0
Health	1,000	*	0
Maternal and Child Health	1,000	*	0
Economic Growth	4,195	*	0

(\$ in Thousands)	2006 Actual	2007 Estimate	2008 Request
Agriculture	4,195	*	0
Agricultural Sector Productivity	4,195	*	0

#### **Linkages with the Millennium Challenge Corporation (MCC)**

On July 4, 2005, the Millennium Challenge Corporation (MCC) signed a five-year, approximately \$110 million (\$20.7 million for FY 2008) Compact with the Government of Cape Verde. The Compact will support Cape Verde in achieving its overall national development goal of transforming its economy from aid-dependency to sustainable, private-sector led growth. MCC funds will be used to: improve the country's investment climate and reform the financial sector; improve infrastructure to support increased economic activity and provide access to markets, employment, and social services; increase agricultural productivity and raise the income of the rural population; as well as carry out some key policy reforms needed for sustained economic growth. At the completion of the Compact, the program is expected to increase Cape Verde's annual income by at least \$10 million. While the proposed total funding by MCC will make MCC one of the largest donors in Cape Verde, this program will involve significant coordination with other donors e.g., the World Bank and International Finance Corporation particularly in the infrastructure and private sector development projects. It is further expected that civil society and other beneficiaries of this program will also have an integral role in the implementation of the program.

#### **Statement of Changes**

INCLE funding increased, while P.L. 480 and IMET funding decreased, reflecting shifts in strategic priorities. The increase of \$0.5 million in INCLE funds and the continued support of IMET funds will enable the U.S. Government to strengthen coastal security and training for both the military and the police to increase the capacity to interdict smuggling and other illegal activities in the country's coastal waters.



**CENTRAL AFRICAN REPUBLIC**  
Developing

**Obstacles and Opportunities for Advancing Transformational Diplomacy**

In 2005, General Francois Bozize won a presidential election that was considered free and fair by international observers, however coup-related military and rebel actions have resulted in disruption of the economy, destruction of property, internal displacement of citizens, an ongoing humanitarian emergency in the North, and a large outflow of refugees into neighboring Chad.

**Resources to Help Advance Transformational Diplomacy**

**Request by Objective**

(\$ in thousands)	2006 Actual	2007 Estimate	2008 Request
Peace & Security	105	*	100
Humanitarian Assistance	565	*	0
<b>Total</b>	<b>670</b>	<b>*</b>	<b>100</b>

**Request by Account**

(\$ in thousands)	2006 Actual	2007 Estimate	2008 Request
International Military Education & Training	105	*	100
Public Law 480 (Food Aid)	565**	*	0
<b>Total</b>	<b>670</b>	<b>*</b>	<b>100</b>

\*\*FY 2006 includes \$.565 million of P.L. 480 Title II emergency food aid. Emergency food aid has not been allocated to countries in FY 2008

**Peace and Security (\$0.1 million):** The entire FY 2008 request is directed to advancing the CAR's security via International Military Education and Training (IMET) programs. Specifically, the request focuses on the Stabilization Operations and Security Sector Reform program area that will support the CAR's efforts to professionalize its security forces, a necessary precursor to effective border protection. The endemic culture of impunity among the military and security forces will be addressed with security sector reform and human rights courses.

**Request by Element**

(\$ in Thousands)	2006 Actual	2007 Estimate	2008 Request
<b>TOTAL</b>	<b>670</b>	<b>*</b>	<b>100</b>
Peace & Security	105	*	100
Stabilization Operations and Security Sector Reform	105	*	100
Defense, Military, and Border Restructuring, Reform and Operations	105	*	100
Humanitarian Assistance	565	*	0
Protection, Assistance and Solutions	565	*	0
Crisis Assistance and Recovery	565	*	0

**Statement of Changes**

Funding for the CAR has decreased from FY 2006 levels. Among program elements, there has been a decrease in support for defense, military, and border restructuring, reform and operations, and support for crisis assistance and recovery.

**CHAD**  
Developing

**Obstacles and Opportunities for Advancing Transformational Diplomacy**

Chad is a country plagued by abysmal development ratings, a poor human rights record, and almost uninterrupted conflict since independence. As the 12th poorest country in the world, Chad is regularly placed among the most corrupt countries on Transparency International's corruption perception index and is tied with Somalia on Foreign Policy's failed states index. Further complicating its prospects for peace and stability, the Darfur crisis has spilled into eastern Chad, placing enormous pressure on limited natural resources with the arrival of 220,000 refugees and destabilizing the region with frequent incursions by Arab militia and Chadian rebels from Sudan. This situation engages U.S. interests in immediate and fundamental ways, particularly regarding the imperative of ending the humanitarian crisis and bringing stability to the region. U.S. foreign policy priorities in Chad include: ensuring Chad's stability; assisting Chad's democratic evolution and respect for fundamental human rights; achieving a sustainable solution to the refugee crisis in eastern Chad; strengthening Chad's capacity to deal with terrorist threats and professionalizing the military; encouraging responsible management of oil revenues; improving stewardship of Chad's land, water and forest resources; and supporting health and social programs. To address these policy issues, the United States will employ bilateral foreign assistance interventions where clear opportunities for success exist.

**Resources to Help Advance Transformational Diplomacy**

**Request by Objective**

(\$ in thousands)	2006 Actual	2007 Estimate	2008 Request
Peace & Security	2,747	*	300
Investing in People	1,500	*	2,000
Economic Growth	1,500	*	3,000
Humanitarian Assistance	23,475	*	0
<b>Total</b>	<b>29,222</b>	<b>*</b>	<b>5,300</b>

**Request by Account**

(\$ in thousands)	2006 Actual	2007 Estimate	2008 Request
Development Assistance	0	*	200
International Military Education & Training	342	*	100
Nonproliferation, Antiterrorism & Demining	2,405	*	0
Public Law 480 (Food Aid)	26,475**	*	5,000
<b>Total</b>	<b>29,222</b>	<b>*</b>	<b>5,300</b>
Peace Corps	1317	*	0

\*\*FY 2006 includes \$23.749 million of P.L. 480 Title II emergency food aid. These funds were used for Sudanese refugees. Emergency food aid has not been allocated to countries in FY 2008

(Note: Funds from the Public Law 480 (Food Aid) account were used for Sudanese refugees.)

**Peace and Security (\$0.3 million):** The FY 2008 request to improve peace and security in Chad will support two Program Areas. First, Stabilization Operations and Security Sector Reform activities will continue to professionalize the army, which is central to Chad's stability, particularly given the military's historic involvement in unconstitutional regime change. Specifically, through International Military Education and Training (IMET) programs, the United States will fund military training programs that expose Chadian military leadership to U.S.

professional military procedures and civil-military relations that also expose Chadian military and civilian personnel to the important roles democratic values and human rights can play in governance and military operations. Second, activities against transnational crime will focus on combating the trafficking of persons that is a growing security issue facing Chadian citizenry.

**Investing in People (\$2.0 million):** The FY 2008 request to improve social services in Chad is directed at a single Program Area: Health. Funds will support efforts to improve Chad's basic health indicators by addressing the vulnerability of mothers and children to malnutrition through both preventative and treatment programs to improve health and food security of targeted families in Chad. This assistance is critical in a country that ranks near the bottom on many human development indicators, including those on maternal and child health. This assistance is provided through monetized food aid.

**Economic Growth (\$3.0 million):** The FY 2008 request to improve economic growth in Chad is directed at a single program area: agriculture. Because of increased desertification, competition for access to land and water is a source of tension throughout the country. This monetized food aid provides for grass-roots agricultural projects that increase the productivity of farmers and promote the efficient use of land.

### Request by Element

(\$ in Thousands)	2006 Actual	2007 Estimate	2008 Request
<b>TOTAL</b>	29,222	*	5,300
Peace & Security	2,747	*	300
Stabilization Operations and Security Sector Reform	2,747	*	100
Explosive Remnants of War (ERW)	2,405	*	0
Defense, Military, and Border Restructuring, Reform and Operations	342	*	100
Transnational Crime	0	*	200
Trafficking-in-Persons and Migrant Smuggling	0	*	200
Investing in People	1,500	*	2,000
Health	1,500	*	2,000
Maternal and Child Health	1,500	*	2,000
Economic Growth	1,500	*	3,000
Agriculture	1,500	*	3,000
Agricultural Sector Productivity	1,500	*	3,000
Humanitarian Assistance	23,475	*	0
Protection, Assistance and Solutions	23,475	*	0
Crisis Assistance and Recovery	23,475	*	0

### Statement of Changes

Funding for Chad has decreased from FY 2006 levels. Among program elements, there have been decreases in addressing explosive remnants of war, supporting defense, military, and border restructuring, reform and operations, and promoting crisis assistance and recovery. There have been increases in combating trafficking-in-persons and migrant smuggling, maternal and child health programs and agricultural sector productivity. The U.S. has decided to discontinue funding for demining operations beyond February 2007, recognizing that Chadian institutional weakness and lack of political will to address the problem will continue to hamper the work of the country's demining office. Nonetheless, limited resources from Washington-based offices will likely continue to assist mine victims. The FY 2008 increases in the maternal and child health and agricultural sector productivity elements will help address food-insecurity.

**COMOROS**  
Developing

**Obstacles and Opportunities for Advancing Transformational Diplomacy**

The U.S. does not have a presence in Comoros and covers the country from the U.S. Mission in Antananarivo, Madagascar. The poor, pro-American Muslim country presents an excellent opportunity for transformational diplomacy since electing Ahmed Abdallah Sambi President in a free, fair, and transparent poll in May 2006. President Sambi's words and actions to date consistently demonstrate a commitment to develop his impoverished country, and improve education and healthcare. President Sambi rejects violence and extremism of all kinds, and has maintained security cooperation programs with the United States.

**Resources to Help Advance Transformational Diplomacy**

**Request by Objective**

(\$ in thousands)	2006 Actual	2007 Estimate	2008 Request
Peace & Security	53	*	100
<b>Total</b>	<b>53</b>	<b>*</b>	<b>100</b>

**Request by Account**

(\$ in thousands)	2006 Actual	2007 Estimate	2008 Request
International Military Education & Training	53	*	100
<b>Total</b>	<b>53</b>	<b>*</b>	<b>100</b>

**Peace and Security (\$0.1 million):** An annual International Military Education and Training (IMET) Program targets the Comoros military and security forces. The IMET Program seeks primarily to raise the professional level of the senior officers of the Comoran Armed Forces. The Program also supports the development of a maritime defense force with the ability to conduct coastal patrol, counter-terrorism, drug interdiction, search and rescue operations, and fishing rights oversight. Finally, the military knowledge and abilities of the junior officer corps and senior enlisted cadre will be enhanced, allowing them to participate in peacekeeping and military events on a multinational level.

**Request by Element**

(\$ in Thousands)	2006 Actual	2007 Estimate	2008 Request
<b>TOTAL</b>	<b>53</b>	<b>*</b>	<b>100</b>
Peace & Security	53	*	100
Stabilization Operations and Security Sector Reform	53	*	100
Defense, Military, and Border Restructuring, Reform and Operations	53	*	100

**Statement of Changes**

The increase in the FY 2008 IMET request for Comoros is based on projected student training requirements.

**COTE D'IVOIRE**  
Rebuilding

**Obstacles and Opportunities for Advancing Transformational Diplomacy**

Cote d'Ivoire remains divided, north and south, between government and rebel forces. Presidential and parliamentary elections, originally scheduled for late 2005, were postponed to late 2006 and now have been postponed again to late 2007, but it appears unlikely that this timetable will be met. The registration of some 3.5 to 4 million undocumented people born in Cote d'Ivoire, an essential step toward preparing for elections, has also been stalled. Disarmament, demobilization and reintegration (DDR), an essential step toward reunification of the country, is also stalled. Some media outlets are irresponsible and incite violence and ethnic hatred. Government budget accounts, particularly in the cocoa sector, remain opaque and subject to considerable corruption. The business environment is not a welcoming one. Under these circumstances, the United States must focus on supporting the peace process which the African Union and the Economic Community of West African States are attempting to implement, to advance the prospects for a united, stable Cote d'Ivoire. The reunification of the nation, DDR of former combatants, and successful elections are key to the peace process. The operating assumption behind the proposed assistance is that section 508 sanctions will be removed following free and fair elections.

**Resources to Help Advance Transformational Diplomacy**

**Request by Objective**

(\$ in thousands)	2006 Actual	2007 Estimate	2008 Request
Peace & Security	100	*	100
Investing in People	33,576	*	96,000
<b>Total</b>	<b>33,676</b>	*	<b>96,100</b>

**Request by Account**

(\$ in thousands)	2006 Actual	2007 Estimate	2008 Request
Global HIV/AIDS Initiative	30,137	*	96,000
International Military Education & Training	0	*	100
Nonproliferation, Antiterrorism & Demining	100	*	0
Public Law 480 (Food Aid)	3,439**	*	0
<b>Total</b>	<b>33,676</b>	*	<b>96,100</b>

\*\*FY 2006 includes \$3.439 million of P.L. 480 Title II emergency food aid. Emergency food aid has not been allocated to countries in FY 2008

**Peace and Security (\$0.1 million):** The most pressing problem in Cote d'Ivoire is overall security. Therefore, the United States plans to help in building the foundations of a sound security system. Programs will focus on border security, counter-terrorism, trafficking in persons, and migrant smuggling. Assistance will help in establishing a border security force after the successful completion of a DDR program. It will fund interventions to train officers and a non-commissioned officer corps, and improve their ability to maintain public order while adhering to human rights norms. It will also provide much needed resources to make the corps operational. The counter-terrorism program will enhance security at Abidjan air and seaports, and at San Pedro seaport with training and equipment, and support a Washington-run PISCES computer system for operations and maintenance. Finally, U.S. assistance will prevent human trafficking across national boundaries, which poses a security risk to the country.

**Investing in People (\$96.1 million):** Linkages with the President's Plan for AIDS Relief (PEPFAR): Cote d'Ivoire, a PEPFAR focus country, will receive significant support for bilateral HIV/AIDS programs in FY 2008. These funds will be used, under the leadership of the host country government, to scale up integrated prevention, care and treatment programs throughout the country. PEPFAR support is invested in partnerships to help the nation build its capacity for a sustainable response. Cote d'Ivoire will also receive PEPFAR resources for HIV/AIDS outside of the Foreign Operations appropriations.

#### Request by Element

(\$ in Thousands)	2006 Actual	2007 Estimate	2008 Request
<b>TOTAL</b>	33,676	*	96,100
Peace & Security	100	*	100
Counter-Terrorism	100	*	0
Deny Terrorist Sponsorship, Support and Sanctuary	100	*	0
Stabilization Operations and Security Sector Reform	0	*	100
Defense, Military, and Border Restructuring, Reform and Operations	0	*	100
<b>Investing in People</b>	33,576	*	96,000
Health	33,576	*	96,000
HIV/AIDS	30,137	*	96,000
Maternal and Child Health	3,439	*	0

#### Statement of Changes

Funding for Cote d'Ivoire has increased from FY 2006 levels in IMET and decreased in NADR. IMET increased by \$0.1 million and NADR decreased by the same. P.L. 480 was zeroed out from \$3.44 million. Cote d'Ivoire is a PEPFAR focus country and an increase in funds will be used to scale up integrated prevention, care and treatment services throughout the country.

**DEMOCRATIC REPUBLIC OF THE CONGO**  
Rebuilding

**Obstacles and Opportunities for Advancing Transformational Diplomacy**

To contribute to stability in Central Africa, the newly elected government of the Democratic Republic of the Congo (DRC) must first deliver results to the Congolese people. The real opportunity for the DRC and the region is a new, legitimate government, one at peace with its neighbors and poised to engage in sustainable development. Coordinated donor efforts to help provide access to basic services, build on democratic structures, and contribute to economic growth will help consolidate the democratic transition, thus demonstrating the results of the democratic process at the community level. Large flows of donor assistance and support are needed to capitalize on this opportunity and make the transition irreversible. The obstacles include grossly inadequate infrastructure, an inadequate security apparatus, and generations of bad governance. Major change will be required before the Congolese public gains confidence in its government. Given that the DRC is in the bottom 1% of the world's nations in terms of health and education indicators, major investments in these sectors are essential. The DRC has a vast supply of natural resources that have been a key source of conflict and exploitation for well over a century. If managed in a transparent and legal environment, those resources now present an opportunity for economic growth that will benefit the population and provide an alternative to war.

**Resources to Help Advance Transformational Diplomacy**

**Request by Objective**

(\$ in thousands)	2006 Actual	2007 Estimate	2008 Request
Peace & Security	1,833	*	8,550
Governing Justly & Democratically	7,527	*	20,850
Investing in People	37,606	*	39,800
Economic Growth	3,312	*	11,000
Humanitarian Assistance	39,898	*	0
<b>Total</b>	<b>90,176</b>	<b>*</b>	<b>80,200</b>

**Request by Account**

(\$ in thousands)	2006 Actual	2007 Estimate	2008 Request
Child Survival and Health	23,537	*	26,850
Development Assistance	21,447	*	6,000
Economic Support Fund	4,950	*	29,000
Foreign Military Financing	0	*	600
International Military Education & Training	306	*	500
International Narcotics Control and Law Enforcement	0	*	1,750
Peacekeeping Operations	0	*	5,500
Public Law 480 (Food Aid)	39,898**	*	10,000
Transition Initiatives	38	*	0
<b>Total</b>	<b>90,176</b>	<b>*</b>	<b>80,200</b>

\*\*FY 2006 includes \$39.898 million of P.L. 480 Title II emergency food aid. Emergency food aid has not been allocated to countries in FY 2008

The DRC received \$2.5 million of supplemental DF funds in FY 2006.

**Peace and Security (\$8.6 million):** Security sector reform is vital for the DRC to overcome its history of abuse of civilians and become a trustworthy provider of security with respect for the rule of law. The United Nations in the DRC is presently the only reliable security force in the country; well-trained police and armed forces are needed as it begins to draw down in 2008. Military cooperation will include training, infrastructural improvements at the Centre Supérieur Militaire (the Armed Forces of the DRC Officer Training Center), and support for the military justice and military medical systems. In FY 2008 the United States will begin to participate with other donors in police reform efforts. Activities will also be undertaken to address trafficking-in-persons and migrant smuggling.

**Governing Justly and Democratically (\$20.9 million):** Congolese expectations are high for governance reform, following on the success of 2006 Presidential and Parliamentary elections. Keeping both public officials and citizens engaged in political processes will be a challenge, but one which has a growing constituency. Government institutions, weakened by decades of war and mismanagement, need to be rebuilt. U.S. assistance will help build the new decentralized institutions mandated in the DRC's constitution, create an effective and equitable justice system, protect human rights, and fight corruption. Building local capacity among government workers and within civil society is fundamental to the transformation of each of these areas of governance.

**Investing in People (\$39.8 million):** Increased access to a package of basic health and education services is a key component of U.S. assistance in the DRC. Family planning and reproductive health are related areas in which improvements in the ability of Congolese to seek care throughout the country would provide an enormous tangible benefit of peace, not to mention peace of mind to families. Health activities will focus on malaria, polio eradication, tuberculosis and management of childhood illnesses. U.S. assistance will augment these efforts to support Congolese families with assistance to separated and abandoned children. Education funds will be used to increase quality and access to basic education for all children.

All HIV/AIDS funds are used to increase local capacity for a sustainable response to the epidemic as a part of the President's Emergency Plan for AIDS Relief (PEPFAR). Linkages with the President's Plan for AIDS Relief (PEPFAR): Democratic Republic of Congo will receive significant support for bilateral HIV/AIDS programs in FY 2008, with programmatic emphasis on a range of interventions related to care, treatment, and prevention. Democratic Republic of Congo will also receive PEPFAR resources for HIV/AIDS outside of the Foreign Operations appropriations.

**Economic Growth (\$11.0 million):** Increasing agricultural sector productivity is a key requirement for promoting economic growth and rural recovery across the DRC. Improved quality of crops and links to domestic markets will enhance the quality of life for millions of Congolese. Creating the conditions in which micro and small enterprises can thrive will provide demobilized militia members and their communities with alternatives to armed conflict and with livelihoods that they control.

#### Request by Element

(\$ in Thousands)	2006 Actual	2007 Estimate	2008 Request
<b>TOTAL</b>	90,176	*	80,200
Peace & Security	1,833	*	8,550
Stabilization Operations and Security Sector Reform	1,833	*	8,350
Disarmament, Demobilization & Reintegration (DDR)	1,332	*	0



(\$ in Thousands)	2006 Actual	2007 Estimate	2008 Request
Defense, Military, and Border Restructuring, Reform and Operations	306	*	6,600
Law Enforcement Restructuring, Reform and Operations	0	*	1,750
Program Support (Stabilization)	195	*	0
Transnational Crime	0	*	200
Trafficking-in-Persons and Migrant Smuggling	0	*	200
Governing Justly & Democratically	7,527	*	20,850
Rule of Law and Human Rights	2,056	*	4,900
Judicial Independence	906	*	1,000
Justice System	450	*	3,100
Human Rights	500	*	800
Program Support (Rule of Law)	200	*	0
Good Governance	2,531	*	11,400
Legislative Function and Processes	485	*	3,000
Local Government and Decentralization	1,346	*	4,100
Anti-Corruption Reforms	500	*	2,800
Governance of the Security Sector	0	*	1,500
Program Support (Governance)	200	*	0
Political Competition and Consensus-Building	1,120	*	750
Elections and Political Processes	494	*	0
Political Parties	485	*	750
Program Support (Political Competition)	141	*	0
Civil Society	1,820	*	3,800
Civic Participation	1,558	*	2,800
Media Freedom and Freedom of Information	0	*	1,000
Program Support (Civil Society)	262	*	0
Investing in People	37,606	*	39,800
Health	22,157	*	30,350
HIV/AIDS	3,955	*	11,000
Tuberculosis	1,332	*	2,200
Malaria	2,315	*	2,500
Avian Influenza	120	*	0
Maternal and Child Health	8,701	*	10,900
Family Planning and Reproductive Health	5,734	*	3,750
Education	11,396	*	7,950
Basic Education	11,396	*	7,950
Social and Economic Services and Protection for Vulnerable Populations	4,053	*	1,500
Social Services	4,053	*	1,500
Economic Growth	3,312	*	11,000
Infrastructure	500	*	0
Modern Energy Services	500	*	0
Agriculture	2,812	*	9,000
Agricultural Sector Productivity	2,478	*	9,000
Program Support (Agriculture)	334	*	0
Private Sector Competitiveness	0	*	1,000
Business Enabling Environment	0	*	1,000
Economic Opportunity	0	*	1,000
Strengthen Microenterprise Productivity	0	*	1,000
Humanitarian Assistance	39,898	*	0
Protection, Assistance and Solutions	39,898	*	0
Crisis Assistance and Recovery	39,898	*	0

### **Statement of Changes**

Funding for the DRC has decreased from FY 2006 levels. Among program areas, there have been decreases in support for political competition and consensus-building, education, social and economic services and protection for vulnerable populations, and infrastructure. There have been increases in support for stabilization operations and security sector reform, activities to combat transnational crime, support for rule of law and human rights, support for good governance, support for civil society, strengthening of public health, promotion of agriculture, support for private sector competitiveness, and expanding economic opportunity. The assistance program in the DRC for FY 2008 has shifted to provide greater investment in governing justly and democratically and in security sector reform under the peace and security rubric.

**DJIBOUTI**  
Developing

**Obstacles and Opportunities for Advancing Transformational Diplomacy**

Significant obstacles to Djibouti's advancement include regional instability reflecting terrorist actions and continuing nation-state conflicts. Djibouti lacks basic education and training for job seekers, has poor health care, inadequate infrastructure, and insufficient public and private sector management capacity. Djibouti's nascent democracy also faces challenges to increase civic participation and to strengthen political parties, electoral mechanisms, and regional governments. Recurrent drought, harsh growing conditions, and reliance on pastoral agriculture have led to chronic food insecurity and widespread unemployment. Djibouti's difficult security environment is reflected in the fact that it hosts America's only military base in Africa and is home to France's largest military contingent outside of France itself. Despite those bases, if Djibouti is unable to secure its own borders and coastline it will continue to be subject to possible terrorist infiltration.

Despite those challenges, Djibouti has an opportunity to serve as an example of private-investment driven development in a secular, tolerant, Muslim democracy in Africa. Small investments of U.S. resources in health, education, governance, and economic transparency, leveraged with investments by other donors and private investors, will have significant benefits to this strategically located nation. Reforms making Djibouti successful will impact positively on its major trading partners in the sub-region and may generate new, global attention that will improve the economies of other nations in the Horn and elsewhere in Africa. With investment of approximately 1 billion dollars over six years in the new Port of Doraleh, there is the potential for other sectors (e.g., shipping and transportation) to grow. These inflows, begun in 2004 and slated to continue through at least 2010, reflect extraordinary opportunities for growth.

**Resources to Help Advance Transformational Diplomacy**

**Request by Objective**

(\$ in thousands)	2006 Actual	2007 Estimate	2008 Request
Peace & Security	4,387	*	3,850
Governing Justly & Democratically	1,300	*	500
Investing in People	3,300	*	2,740
Humanitarian Assistance	2,444	*	0
<b>Total</b>	<b>11,431</b>	<b>*</b>	<b>7,090</b>

**Request by Account**

(\$ in thousands)	2006 Actual	2007 Estimate	2008 Request
Child Survival and Health	0	*	1,240
Development Assistance	0	*	2,000
Economic Support Fund	4,950	*	0
Foreign Military Financing	3,960	*	3,200
International Military Education & Training	307	*	350
International Narcotics Control and Law Enforcement	0	*	300
Nonproliferation, Antiterrorism & Demining	120	*	0
Public Law 480 (Food Aid)	2,094**	*	0
<b>Total</b>	<b>11,431</b>	<b>*</b>	<b>7,090</b>

\*\*FY 2006 includes \$2.094 million of P.L. 480 Title II emergency food aid. Emergency food aid has not been allocated to countries in FY 2008

**Peace and Security (\$3.9 million):** U.S. Government assistance to Djibouti promotes stabilization operations and security sector reform, fights transnational crime, and supports counter-terrorism activities. The program focuses on: defense, military, and border security restructuring, reform, and operations; trafficking-in-persons (TIP) and migrant smuggling; and government capabilities. The program bolsters the efforts of the Combined Joint Task Force-Horn of Africa to assist Djibouti on defense reform and improving counter-terrorism capabilities, including essential funding to the TIP-Pisces program to constrain terrorist mobility.

**Governing Justly and Democratically (\$0.5 million):** Lack of political participation, civil liberties, government accountability, and civic participation are major obstacles to Djibouti's capacity to sustain democratic development and ensure a broad, positive impact of newly created jobs. These obstacles limit the effectiveness of political parties and the countervailing pressure on government decision making of a strong private sector and mature civil society. Popular frustration over lack of jobs and public services pose continuing challenges to Djibouti's long-term success and stability. USG assistance promotes political pluralism, good governance, and civic participation in government and the economy. It focuses on training of political parties, electoral procedures, decentralization, and civic oversight in education, health, anti-corruption, and economic development.

**Investing in People (\$2.7 million):** Low life expectancy, under-five child mortality, the transmission of infectious diseases such as HIV/AIDS and tuberculosis pose significant challenges to Djibouti's social development. USG assistance promotes health by focusing on enhanced access to quality health by improving maternal and child health and fighting tuberculosis. USG assistance promotes basic education by focusing on equitable access to quality basic education, with an emphasis on girls and rural children and preparation for employment. The program focuses on teacher training, the provision of pedagogic materials, community participation in education, strengthening and decentralization of education system delivery services, as well as seeking opportunities for youths when they leave school.

#### Request by Element

(\$ in Thousands)	2006	2007	2008
	Actual	Estimate	Request
<b>TOTAL</b>	11,431	*	7,090
Peace & Security	4,387	*	3,850
Counter-Terrorism	170	*	0
Governments' Capabilities	170	*	0
Stabilization Operations and Security Sector Reform	4,217	*	3,550
Defense, Military, and Border Restructuring, Reform and Operations	4,217	*	3,550
Transnational Crime	0	*	300
Trafficking-in-Persons and Migrant Smuggling	0	*	300
Governing Justly & Democratically	1,300	*	500
Good Governance	500	*	0
Public Sector Executive Function	500	*	0
Political Competition and Consensus-Building	300	*	125
Elections and Political Processes	300	*	125
Civil Society	500	*	375
Civic Participation	500	*	375
Investing in People	3,300	*	2,740
Health	300	*	1,240
HIV/AIDS	75	*	0

(\$ in Thousands)	2006 Actual	2007 Estimate	2008 Request
Tuberculosis	225	*	250
Maternal and Child Health	0	*	990
Education	3,000	*	1,500
Basic Education	3,000	*	1,500
Humanitarian Assistance	2,444	*	0
Protection, Assistance and Solutions	2,094	*	0
Crisis Assistance and Recovery	2,094	*	0
Disaster Readiness	350	*	0
Capacity Building, Preparedness, and Planning	350	*	0

**EQUATORIAL GUINEA**  
Sustaining Partnership

**Obstacles and Opportunities for Advancing Transformational Diplomacy**

Embassy Malabo re-established a resident ambassadorial presence only in November 2006, however the staff is small, and currently there is no resident Defense Attaché or trained local staff to manage the International Military Education & Training (IMET) program. The Government of Equatorial Guinea has already begun to demonstrate a commitment to security sector reform by funding a program operated by MPRI, an American company.

**Resources to Help Advance Transformational Diplomacy**

**Request by Objective**

(\$ in thousands)	2006 Actual	2007 Estimate	2008 Request
Peace & Security	0	*	45
<b>Total</b>	<b>0</b>	<b>*</b>	<b>45</b>

**Request by Account**

(\$ in thousands)	2006 Actual	2007 Estimate	2008 Request
International Military Education & Training	0	*	45
<b>Total</b>	<b>0</b>	<b>*</b>	<b>45</b>

**Peace and Security (\$45,000):** Funding will focus on developing a professional military that is respectful of human rights and supports the principles of civilian rule. It will also support efforts to ensure regional stability and improve the Equato-Guinean military's ability to maintain control of its territorial waters.

**Request by Element**

(\$ in Thousands)	2006 Actual	2007 Estimate	2008 Request
<b>TOTAL</b>	0	*	45
Peace & Security	0	*	45
Stabilization Operations and Security Sector Reform	0	*	45
Defense, Military, and Border Restructuring, Reform and Operations	0	*	45

**Statement of Changes**

The \$45,000 that is being sought for IMET in Equatorial Guinea continues the process of maintaining an open door for future establishment of a program in country.

**ERITREA**  
Developing

**Obstacles and Opportunities for Advancing Transformational Diplomacy**

While primary U.S. objectives in Eritrea continue to focus on democracy and human rights, regional stability, and counter-terrorism, the U.S. Government's ability to advance these goals through foreign assistance programs was severely circumscribed with the departure of USAID in late 2005 at the order of the Government of the State of Eritrea (GSE) and by restrictions placed on the movement of all foreigners, including diplomats, within the country. Since 2005, the GSE has "de-registered" and ordered the departure of many of the non-governmental organizations (NGOs) which had been operating within the country, including several administering USAID-funded programs. At the end of 2006, only nine international NGOs continued to operate in-country, down from a high of forty in 2002. The UN development agencies, to date, have been able to operate with a reasonable level of effectiveness in the country. UNICEF and NGOs continue their implementation of projects in the areas of water and sanitation, health and nutrition, which were funded in prior fiscal years through U.S. foreign assistance. The U.S. Embassy operates no military assistance programs given the lack of interest by the GSE, and in 2006, the Mission in consultation with CENTCOM closed its Security Assistance programs.

Over the course of FY 2006, relations between the GSE and the United States continued to deteriorate. A United States-led initiative to re-energize talks between Eritrea and Ethiopia for a final resolution over their boundary dispute failed, as both parties refused to engage constructively. The GSE's stance on counter-terrorism, originally supportive of U.S. goals in 2001, has become increasingly unfavorable to U.S. interests, including Eritrea's provision of material support, men and arms, to the Somali Council of Islamic Courts in 2006.

The government's abuse of its citizenry, egregious human rights violations, and the absence of civil liberties persist. The government grants its citizens no political freedoms, controls all media in-country, and has progressively tightened its grip on the economy by consolidating control in all sectors within the GSE and the sole political party, the Peoples' Front for Democracy and Justice. Eritrea was designated for the third time in 2006 as a "Country of Particular Concern" (CPC) for severe restrictions on its citizens' religious freedom.

**Request by Element**

(\$ in Thousands)	2006 Actual	2007 Estimate	2008 Request
<b>TOTAL</b>	2,832	*	0
Peace & Security	400	*	0
Counter-Terrorism	400	*	0
Governments' Capabilities	400	*	0
Humanitarian Assistance	2,432	*	0
Protection, Assistance and Solutions	2,432	*	0
Crisis Assistance and Recovery	2,432	*	0

**Statement of Changes**

Given the non-permissive environment in-country to administer aid programs, the Department of State has not requested new development assistance funds for Eritrea in FY 2008. The GSE's restrictions, including its expulsion of USAID, preclude the United States from implementing any significant bilateral development program in accordance with U.S. requirements and regulations.

**ETHIOPIA**  
Developing

**Obstacles and Opportunities for Advancing Transformational Diplomacy**

Ethiopia lacks many of the fundamentals necessary for long-term economic prosperity. Nearly half of the population lives in poverty (45%). Literacy is low (42%). There is a high population growth rate (2.3%) (Ethiopia is Africa's second most populous country) as well as limited infrastructure, high infant mortality, widespread food insecurity, and minimal access to health care. The on-going tensions stemming from the still-unresolved Ethiopia-Eritrea border conflict, several domestic insurgencies, and continuing instability in Somalia are all negatively impacting economic development in Ethiopia. The United States is helping Ethiopia complete the difficult transition from a de facto one-party state to a representative, multi-party democracy. While disputed elections and civil unrest in 2005 prompted the Government of Ethiopia (GoE) to significantly constrain political space, subsequent political dialogue and reconciliation efforts are creating opportunities for supporting further democratization. The United States is also a partner in bolstering economic prosperity, reducing Ethiopia's dependence on foreign assistance, and improving the ability to anticipate and respond to food emergencies. Similarly, the United States aims to improve the quality and expand the scope of basic health and education services to reduce poverty and strengthen Ethiopia's development potential. Promoting regional stability and denying transnational terrorists a safe haven in the Horn of Africa are also key objectives.

**Resources to Help Advance Transformational Diplomacy**

**Request by Objective**

(\$ in thousands)	2006 Actual	2007 Estimate	2008 Request
Peace & Security	5,117	*	4,350
Governing Justly & Democratically	9,200	*	5,400
Investing in People	153,608	*	453,800
Economic Growth	109,821	*	41,915
Humanitarian Assistance	30,104	*	500
<b>Total</b>	<b>307,850</b>	*	<b>505,965</b>

**Request by Account**

(\$ in thousands)	2006 Actual	2007 Estimate	2008 Request
Child Survival and Health	30,692	*	25,500
Development Assistance	31,910	*	39,815
Economic Support Fund	9,900	*	5,000
Foreign Military Financing	1,980	*	850
Global HIV/AIDS Initiative	109,500	*	409,000
International Military Education & Training	594	*	650
International Narcotics Control and Law Enforcement	0	*	150
Nonproliferation, Antiterrorism & Demining	270	*	0
Public Law 480 (Food Aid)	123,004**	*	25,000
<b>Total</b>	<b>307,850</b>	*	<b>505,965</b>
Peace Corps	0	*	1465

\*\*FY 2006 includes \$118.168 million of P.L. 480 Title II emergency food aid. In addition to \$123.004 million, Ethiopia received an additional \$21.500 million of FY 2006 supplemental funds. Emergency food aid has not been allocated to countries in FY 2008



**Peace and Security (\$4.4 million):** Peace and reconciliation and conflict mitigation programming will help stabilize border regions with Eritrea, Sudan, and Somalia, addressing tensions arising from competition over scarce resources and expanding openings to resolve long-standing disputes between the GoE and insurgent groups. U.S. foreign assistance will provide targeted training and equipment to help transform Ethiopia's military to become an apolitical, professional defense force. Investments in defense, military, and border security restructuring, reform and operations, augmented by assistance in logistics and operations support training for the world's sixth largest contributor of peacekeeping troops, and capacity development to improve the government's counter-terrorism capacity will equip Ethiopia's defense forces to respond more effectively to the multiple challenges they face. Assistance will also raise public awareness about, and law enforcement capacity to prevent, trafficking in persons and migrant smuggling.

**Governing Justly and Democratically (\$5.4 million):** U.S. assistance will support constructive dialogue among Ethiopians representing diverse political perspectives and ethnic groups to build consensus on key issues. Funds will also support multilateral efforts to facilitate the ongoing restructuring and capacity development of elections and political processes. U.S. assistance will help strengthen the capacity and role of civil society broadly, and improve independent human rights monitoring, awareness, and training. U.S. assistance will also ensure a U.S. role in the ongoing multi-donor support program to strengthen the federal and regional parliaments operating in the new, multi-party environment.

**Investing in People (\$453.8 million):** Health and education investments will enable Ethiopians to take advantage of expanded economic opportunities. In a continuing effort to lower Ethiopia's high fertility and population growth rates, the United States will support investments in family planning and reproductive health. Assistance will also support maternal and child health to help mitigate the effects of external shocks, foster a healthier workforce, and expand access to quality basic education activities. Africa Education Initiative assistance will support the improvement of primary education through the training of teachers and administrators. Funds will also help combat tuberculosis and reduce the incidence of malaria, major sources of morbidity and workforce absenteeism. The United States supports a countrywide safety net program (PSNP) with the aim of reducing food-insecurity, which affects 44% of the population and creating a stable platform for improved social and economic outcomes. Investments in the PSNP and related policy, regulatory, and administrative systems will serve to protect vulnerable populations and contribute to poverty reduction and economic growth.

Linkages with the President's Malaria Initiative: Ethiopia will be a new PMI country in FY 2008 and support the PMI goal of reducing malaria-related morbidity by 50 percent in the 15 participating African countries. Ethiopia will achieve this goal over three years by reaching 85% coverage of vulnerable groups with proven preventive and therapeutic interventions. These include artemisinin-based combination therapies for the treatment of malaria; a combination of insecticide-treated mosquito nets and indoor residual spraying to prevent malaria; and intermittent preventive treatment to address the impact of malaria in pregnancy.

Linkages with the President's Plan for AIDS Relief (PEPFAR): Ethiopia, a PEPFAR focus country, will receive significant support for bilateral HIV/AIDS programs in FY 2008. These funds will be used, under the leadership of the host country government, to scale up integrated prevention, care and treatment programs throughout the country. PEPFAR support is invested in partnerships to help the nation build its capacity for a sustainable response. Ethiopia will also receive PEPFAR resources for HIV/AIDS outside of the Foreign Operations appropriations.

**Economic Growth (\$41.9 million):** To drive economic growth and to help Ethiopia graduate to a transforming country, U.S. assistance will promote a more enabling environment for agriculture, micro and small enterprises and trade and investment generally. U.S. assistance will also focus on enhancing the productivity of key sectors. This will include a U.S. investment in productivity of the agriculture sector, which employs 85% of the workforce and contributes 45% of GDP. Funds will also help strengthen micro-enterprise, private sector productivity, and poverty reduction activities related to the PSNP.

**Humanitarian Assistance (\$0.5 million):** Funds will assist disaster readiness capacity-building, preparedness, and planning to sustain the critical Famine Early Warning System.

### Request by Element

(\$ in Thousands)	2006 Actual	2007 Estimate	2008 Request
<b>TOTAL</b>	307,850	*	505,965
Peace & Security	5,117	*	4,350
Counter-Terrorism	270	*	0
Governments' Capabilities	254	*	0
Program Support (Counter-Terrorism)	16	*	0
Stabilization Operations and Security Sector Reform	2,574	*	1,650
Operations Support	558	*	611
Defense, Military, and Border Restructuring, Reform and Operations	1,861	*	940
Program Support (Stabilization)	155	*	99
Transnational Crime	0	*	300
Trafficking-in-Persons and Migrant Smuggling	0	*	282
Program Support (Crime)	0	*	18
Conflict Mitigation and Reconciliation	2,273	*	2,400
Conflict Mitigation	2,036	*	658
Peace and Reconciliation Processes	0	*	1,598
Program Support (Conflict)	237	*	144
Governing Justly & Democratically	9,200	*	5,400
Rule of Law and Human Rights	1,650	*	1,500
Judicial Independence	846	*	0
Human Rights	709	*	1,410
Program Support (Rule of Law)	95	*	90
Good Governance	3,800	*	300
Legislative Function and Processes	376	*	282
Local Government and Decentralization	3,068	*	0
Program Support (Governance)	356	*	18
Political Competition and Consensus-Building	3,350	*	2,600
Consensus-Building Processes	1,598	*	1,880
Elections and Political Processes	1,551	*	564
Program Support (Political Competition)	201	*	156
Civil Society	400	*	1,000
Civic Participation	376	*	940
Program Support (Civil Society)	24	*	60
Investing in People	153,608	*	453,800
Health	143,192	*	434,500
HIV/AIDS	109,500	*	409,000
Tuberculosis	1,186	*	2,000

(\$ in Thousands)	2006 Actual	2007 Estimate	2008 Request
Malaria	2,563	*	2,500
Other Public Health Threats	791	*	0
Maternal and Child Health	6,379	*	6,000
Family Planning and Reproductive Health	19,773	*	15,000
Water Supply and Sanitation	3,000	*	0
Education	10,416	*	12,800
Basic Education	10,416	*	12,800
Social and Economic Services and Protection for Vulnerable Populations	0	*	6,500
Policies, Regulations, and Systems	0	*	1,500
Social Assistance	0	*	5,000
Economic Growth	109,821	*	41,915
Trade and Investment	2,921	*	1,000
Trade and Investment Enabling Environment	2,746	*	940
Program Support (Trade)	175	*	60
Agriculture	96,900	*	35,815
Agricultural Enabling Environment	0	*	4,620
Agricultural Sector Productivity	96,720	*	30,246
Program Support (Agriculture)	180	*	949
Private Sector Competitiveness	7,000	*	1,600
Business Enabling Environment	0	*	1,034
Private Sector Productivity	6,580	*	470
Program Support (Private Sector)	420	*	96
Economic Opportunity	3,000	*	3,500
Policy Environment for Micro and Small Enterprises	0	*	470
Strengthen Microenterprise Productivity	2,820	*	2,820
Program Support (Econ Opportunity)	180	*	210
Humanitarian Assistance	30,104	*	500
Protection, Assistance and Solutions	29,104	*	0
Crisis Assistance and Recovery	29,104	*	0
Disaster Readiness	1,000	*	500
Capacity Building, Preparedness, and Planning	0	*	470
Mitigation	940	*	0
Program Support (Disaster Readiness)	60	*	30

### Statement of Changes

Levels for Ethiopia between FY 2006 and FY 2008 have increased overall due to increases in funding for HIV/AIDS. The FY 2006 total was influenced by a \$9.9 million Economic Support Fund allocation, reflected in the Peace and Security and Governing Justly and Democratically functional objectives.

**GABON**  
Sustaining Partnership

**Obstacles and Opportunities for Advancing Transformational Diplomacy**

While oil earnings have given Gabon one of the highest per capita GDPs in Africa, income distribution is skewed and the country's ranking on human development indicators is well below its per capita GDP ranking. Poor governance has contributed to disappointing development, with corruption and cronyism undermining economic freedom and the rule of law. The country is dominated by a strong presidency (President Bongo has been in office since 1967), and the President's reach extends beyond the political realm to influence the economy and civil society. Dissent is not stifled directly; however, oil wealth has permitted the government to co-opt opponents and maintain popular support. Although it has had difficulty meeting the development needs of its people, the Government of Gabon, under President Bongo has provided decades of stability. The President's seniority, close connections with leaders across Africa and intimate knowledge of regional issues has permitted him to play an important role in attempts to resolve regional conflicts. Gabon has been a helpful partner to the United States in Africa and in multilateral fora such as the United Nations.

**Resources to Help Advance Transformational Diplomacy**

**Request by Objective**

(\$ in thousands)	2006 Actual	2007 Estimate	2008 Request
Peace & Security	231	*	200
<b>Total</b>	<b>231</b>	<b>*</b>	<b>200</b>

**Request by Account**

(\$ in thousands)	2006 Actual	2007 Estimate	2008 Request
International Military Education & Training	231	*	200
<b>Total</b>	<b>231</b>	<b>*</b>	<b>200</b>

**Peace and Security (\$0.2 million):** A stable country in an unstable region, Gabon is increasingly being asked to become more involved in peacekeeping missions. Through the International Military Education and Training (IMET) program, U.S. assistance is focused on improving the professionalism of Gabon's military officers and providing training which will help prepare the military leadership for a larger role in regional peacekeeping missions and counter-terrorism activities.

**Request by Element**

(\$ in Thousands)	2006 Actual	2007 Estimate	2008 Request
<b>TOTAL</b>	231	*	200
Peace & Security	231	*	200
Stabilization Operations and Security Sector Reform	231	*	200
Defense, Military, and Border Restructuring, Reform and Operations	231	*	200

**GAMBIA**  
Transforming

**Obstacles and Opportunities for Advancing Transformational Diplomacy**

The Gambia made significant strides in consolidating democracy after the 1994 coup, as evidenced by the granting of Millennium Challenge Account (MCA) eligibility in 2005. However, a significant reversal in the country's democratic development and a dramatic negative trend in its overall human rights performance in recent months led to the loss of the country's MCA eligibility in June 2006. President Jammeh subsequently advised the Department of State that The Gambia would not take steps to seek Millennium Challenge Corporation (MCC) reinstatement. The Gambian government has provided steadfast, tangible support for the Global War on Terrorism and contributed to international peace efforts, including sending a contingent to Darfur, Sudan under the auspices of the African Union. The country is very poor, however, and suffers from weak judicial and legislative institutions, poor infrastructure, a powerless civil society, and an authoritarian leader who keeps a firm grip on power. U.S. priorities for The Gambia are, therefore, continuation of The Gambia's positive contribution to regional stability, a return to more democratic governance, increased economic prosperity, and greater respect for the rule of law.

**Resources to Help Advance Transformational Diplomacy**

**Request by Objective**

(\$ in thousands)	2006 Actual	2007 Estimate	2008 Request
Peace & Security	72	*	120
Investing in People	1,517	*	0
Economic Growth	1,517	*	0
<b>Total</b>	<b>3,106</b>	*	<b>120</b>

**Request by Account**

(\$ in thousands)	2006 Actual	2007 Estimate	2008 Request
International Military Education & Training	72	*	120
Public Law 480 (Food Aid)	3,034	*	0
<b>Total</b>	<b>3,106</b>	*	<b>120</b>
Peace Corps	2096	*	1888

**Peace and Security (\$0.1 million):** U.S. assistance to The Gambia will focus on military cooperation and exchanges to encourage the country to maintain and expand its positive and cooperative role in regional stability through its counter-terrorism and peacekeeping efforts. Continued military training and education will enhance The Gambia's military's capacity to continue these important efforts. U.S. funded military training, by improving the professionalism of The Gambia's armed forces, particularly with regard to proper civil-military relations, and by advancing the military's understanding of the appropriate role of the military in a well-functioning democratic system, will also help instill greater respect for the rule of law and human rights.

### Request by Element

(\$ in Thousands)	2006 Actual	2007 Estimate	2008 Request
<b>TOTAL</b>	3,106	*	120
Peace & Security	72	*	120
Stabilization Operations and Security Sector Reform	72	*	120
Defense, Military, and Border Restructuring, Reform and Operations	72	*	120
Investing in People	1,517	*	0
Social and Economic Services and Protection for Vulnerable Populations	1,517	*	0
Social Assistance	1,517	*	0
Economic Growth	1,517	*	0
Agriculture	1,517	*	0
Agricultural Sector Productivity	1,517	*	0

#### Linkages with the Millennium Challenge Corporation (MCC)

The Gambia was granted Millennium Challenge Account (MCA) eligibility in 2005 but MCA eligibility was suspended in June 2006 due to a reversal in the country's democratic development and a dramatic negative trend in its overall human rights performance.

#### Statement of Changes

Funding for The Gambia has increased from FY 2006 levels in IMET. The increase of \$.5 million in IMET funds will enable more members of The Gambian military to participate in IMET training.

**GHANA**  
Transforming

**Obstacles and Opportunities for Advancing Transformational Diplomacy**

The United States has found a key African partner in Ghana in many respects. The country plays a significant regional and growing international role in security matters. It plays a supportive role in the African Union and is a major contributor to United Nations peacekeeping operations. Membership on the United Nations Security Council and the International Atomic Energy Agency has heightened the country's status and influence. It is also an important trading partner in Africa. Moreover, Ghana's democracy is vibrant and stable. It has a relatively free press, independent judiciary, active civil society, and an apolitical military. Its human rights record is one of the best in Africa. In addition, important economic reforms have stabilized the economy. Gross Domestic Product has grown at a healthy rate in recent years, inflation has dropped, and the economy is diversifying. Despite these successes, however, democratic institutions are weak, lacking trained personnel, sufficient resources, and effective codes of conduct. Executive authority remains excessive. Citizen participation in governance at all levels is limited. The country also remains a difficult place to do business; contract sanctity, clear land title, and expeditious licensing regimes present daunting challenges. Schools are inadequate, and quality health care is unavailable for many, particularly, for the poor and the disenfranchised.

**Resources to Help Advance Transformational Diplomacy**

**Request by Objective**

(\$ in thousands)	2006 Actual	2007 Estimate	2008 Request
Peace & Security	1,240	*	1,400
Governing Justly & Democratically	492	*	2,000
Investing in People	50,077	*	26,300
Economic Growth	17,598	*	11,600
<b>Total</b>	<b>69,407</b>	*	<b>41,300</b>

**Request by Account**

(\$ in thousands)	2006 Actual	2007 Estimate	2008 Request
Child Survival and Health	18,157	*	18,200
Development Assistance	27,354	*	14,700
Foreign Military Financing	495	*	300
International Military Education & Training	645	*	600
International Narcotics Control and Law Enforcement	0	*	500
Nonproliferation, Antiterrorism & Demining	100	*	0
Public Law 480 (Food Aid)	22,656	*	7,000
<b>Total</b>	<b>69,407</b>	*	<b>41,300</b>
Peace Corps	2697	*	2993

**Peace and Security (\$1.4 million):** Cooperation between the United States and Ghanaian militaries is close and ongoing. Ghana is a major contributor to peacekeeping operations and is supportive of the Gulf of Guinea Initiative. Domestically, Ghana has significant law enforcement training needs, and U.S. police and law enforcement programs have enjoyed significant success. Violent crime and vigilante justice are on the rise; police corruption and pervasive lack of professionalism undermine law and order. Ghana also has a growing narcotics trafficking

problem, with Colombian connections, which has received high-level attention. U.S. assistance can best help Ghana strengthen its own security and its regional leadership role by concentrating resources to support the professional development of the military, border authorities, counter-narcotics agency, and police.

**Governing Justly and Democratically (\$2.0 million):** Although a beacon on the continent, Ghana's democracy continues to suffer from weak institutions and polarized politics. Ghana's governance systems and practices are highly centralized and suffer from limited citizen participation. The U.S. can most effectively bolster the admirable progress toward good governance and democracy by focusing its resources on building local government capacity to seek and respond to citizen input. Efforts to increase citizen participation in local government are an essential part of U.S. decentralization efforts. This will enable the Government of Ghana to respond better to the health, education, and economic needs of its citizens. The 2008 presidential and parliamentary elections are expected to be highly contentious. To help ensure free, fair, and peaceful elections, U.S. resources will train civil society election observers.

**Investing in People (\$26.3 million):** Major challenges exist in the health and education sectors. While HIV/AIDS among the general population remains relatively stable, there are significant increases among the most at risk groups. Maternal and under-five child mortality rates are unacceptably high and have not improved in the last 10 years. Morbidity and mortality due to malaria is also on the rise. Poor quality basic education is reflected in the inability of most primary school children to read at grade level. Lack of improvement in these areas will undercut long-term prospects for economic growth and consolidated democracy. U.S. resources will concentrate on activities to contain the spread of HIV/AIDS, malaria, and tuberculosis. US resources will also support maternal and child health, as well as family planning and reproductive health. To help address the challenges in education, assistance from the U.S. Africa Education Initiative will target basic education, with particular focus on literacy programs, teacher training, and increased educational opportunities for girls.

Linkages with the President's Malaria Initiative: Ghana will be a new PMI country in FY 2008 and support the PMI goal of reducing malaria-related morbidity by 50 percent in the 15 participating African countries. Ghana will achieve this goal over three years by reaching 85% coverage of vulnerable groups with proven preventive and therapeutic interventions. These include artemisinin-based combination therapies for the treatment of malaria; a combination of insecticide-treated mosquito nets and indoor residual spraying to prevent malaria; and intermittent preventive treatment to address the impact of malaria in pregnancy.

Linkages with the President's Plan for AIDS Relief (PEPFAR): Ghana will receive significant support for bilateral HIV/AIDS programs in FY 2008, with programmatic emphasis on a range of interventions related to care, treatment, and prevention.

**Economic Growth (\$11.6 million):** Although macro-economic progress is impressive, Ghana must improve its investment climate to sustain strong economic growth and adopt a pro-poor strategy to reduce widespread poverty. U.S. assistance, specifically the African Global Competitiveness Initiative and the Initiative to End Hunger in Africa, will focus on improving the business-enabling environment and assisting the private sector to become more competitive. Slightly more than half of U.S. economic growth resources will target agricultural productivity. U.S. assistance will also support the Government of Ghana's Trade Sector Support Program.



## Request by Element

(\$ in Thousands)	2006 Actual	2007 Estimate	2008 Request
<b>TOTAL</b>	69,407	*	41,300
Peace & Security	1,240	*	1,400
Counter-Terrorism	100	*	0
Deny Terrorist Sponsorship, Support and Sanctuary	100	*	0
Stabilization Operations and Security Sector Reform	1,140	*	1,150
Defense, Military, and Border Restructuring, Reform and Operations	1,140	*	900
Law Enforcement Restructuring, Reform and Operations	0	*	250
Counter-Narcotics	0	*	250
Interdiction	0	*	250
Governing Justly & Democratically	492	*	2,000
Good Governance	492	*	1,550
Legislative Function and Processes	92	*	0
Local Government and Decentralization	300	*	1,400
Program Support (Governance)	100	*	150
Political Competition and Consensus-Building	0	*	450
Elections and Political Processes	0	*	400
Program Support (Political Competition)	0	*	50
Investing in People	50,077	*	26,300
Health	22,908	*	18,300
HIV/AIDS	7,725	*	5,500
Tuberculosis	495	*	600
Malaria	1,478	*	2,500
Other Public Health Threats	494	*	400
Maternal and Child Health	4,719	*	3,300
Family Planning and Reproductive Health	6,347	*	6,000
Water Supply and Sanitation	1,650	*	0
Education	27,169	*	8,000
Basic Education	27,169	*	8,000
Economic Growth	17,598	*	11,600
Macroeconomic Foundation for Growth	200	*	700
Fiscal policy	100	*	400
Monetary policy	100	*	300
Trade and Investment	1,000	*	1,800
Trade and Investment Enabling Environment	200	*	1,200
Trade and Investment Capacity	700	*	500
Program Support (Trade)	100	*	100
Financial Sector	500	*	400
Financial Sector Enabling Environment	300	*	200
Financial Services	200	*	200
Infrastructure	350	*	0
Modern Energy Services	250	*	0
Communications Services	100	*	0
Agriculture	14,161	*	6,300
Agricultural Enabling Environment	800	*	700
Agricultural Sector Productivity	13,136	*	5,375
Program Support (Agriculture)	225	*	225
Private Sector Competitiveness	900	*	1,900
Business Enabling Environment	400	*	1,000

(\$ in Thousands)	2006 Actual	2007 Estimate	2008 Request
Private Sector Productivity	325	*	725
Workforce Development	175	*	0
Program Support (Private Sector)	0	*	175
Environment	487	*	500
Natural Resources and Biodiversity	487	*	500

#### **Linkages with the Millennium Challenge Corporation (MCC)**

Ghana signed a five-year, \$547 million compact with the Millennium Challenge Corporation on August 1, 2006. Projects are designed to improve the lives of the rural poor by raising farmer incomes through private sector-led, agribusiness development.

#### **Statement of Changes**

Funding levels in DA and P.L. 480 decreased from FY 2006. DA decreased by \$12.654 million, which reduced health and education programs, and P.L. 480 decreased by \$15.656 million, reflecting a phasing out of the food aid program in Ghana. For FY 2008, USG funds will be used for programs that will support the Government of Ghana's plans to finalize a new comprehensive decentralization policy, increase fiscal decentralization, and transfer 35,000 to 50,000 civil servants to the newly created local government service. In addition, U.S. support of decentralization will strengthen the capacity of local governments and reduce the possibility of undermining the results of the MCC Compact, which will be implemented through District Assemblies.

**GUINEA**  
Developing

**Obstacles and Opportunities for Advancing Transformational Diplomacy**

Guinea is located in a volatile region that is only now emerging from years of conflict. Guinea's governing institutions are weak and the country faces a potentially difficult political transition. Strengthening democratic institutions and promoting good governance will help to ensure stability in Guinea and will bolster the United States' considerable investments in the fragile peace in Liberia and Sierra Leone. The government's capacity to provide services has weakened further as longtime President Conte, aging and in poor health, becomes inconsistent in his strong control over the government. Union and civil society leaders organized a nationwide strike in January 2007 calling for a change in government. While the constitution provides for an interim government and new elections if Conte dies in office or is declared incompetent to govern, the current Electoral Commission lacks capacity, and negotiated plans for a new, more independent commission have not been implemented. The justice system and the legislature are weak. During a transitional period, Guinea would be at risk for a military intervention. The government's failure to address deteriorating economic conditions has exacerbated popular dissatisfaction. Its inability to service its debt and its poor governance record has caused some donors to suspend assistance, exacerbating economic decline. In spite of all this, with the burgeoning civil society movement, there is opportunity to strengthen good governance, especially at the grassroots level. Local elections held in December 2005, though flawed, were Guinea's best-conducted elections ever. Legislative elections are set for June 2007. U.S. assistance can strengthen representative government in the immediate aftermath.

**Resources to Help Advance Transformational Diplomacy**

**Request by Objective**

(\$ in thousands)	2006 Actual	2007 Estimate	2008 Request
Peace & Security	496	*	650
Governing Justly & Democratically	3,822	*	5,443
Investing in People	13,545	*	7,100
Economic Growth	6,984	*	2,400
<b>Total</b>	<b>24,847</b>	<b>*</b>	<b>15,593</b>

**Request by Account**

(\$ in thousands)	2006 Actual	2007 Estimate	2008 Request
Child Survival and Health	7,001	*	6,500
Development Assistance	9,140	*	5,543
Foreign Military Financing	0	*	200
International Military Education & Training	376	*	350
Public Law 480 (Food Aid)	8,330**	*	3,000
<b>Total</b>	<b>24,847</b>	<b>*</b>	<b>15,593</b>
Peace Corps	2292	*	2493

\*\*FY 2006 includes \$4.798 million of P.L. 480 Title II emergency food aid. Emergency food aid has not been allocated to countries in FY 2008

**Peace and Security (\$0.7 million):** Guinea's armed forces are one of the few respected institutions in the country, but need assistance to enhance their professionalism and to contribute to regional security. U.S. assistance will include continued support to professionalize the

military, strengthening coastal controls and improving civil-military cooperation. Funding will support the strengthening of civil-military relations and defense reforms by bringing together people in the government and in civil society. Funding to prevent trafficking in persons will be a crucial element in keeping Guinea off the Watch List.

**Governing Justly and Democratically (\$5.4 million):** A political transition is likely in the near future; however, it is unclear how this will unfold. It is essential that the United States work to advance democracy and good governance on multiple levels. Funding will support local government and decentralization programs that will increase the ability of local governments to govern effectively, transparently and democratically, and improve service delivery. U.S. assistance will increase citizen awareness of and demand for government transparency, accountability, and effectiveness by strengthening civil society's capacity to participate more actively in governance and public affairs. These efforts will be integrated with work of the United States in other sectors, such as education, health, and natural resource management. Assistance at national and local levels will be aimed specifically at combating endemic corruption in Guinea. Additional assistance will prepare for a post-Conte environment and a possible political transition, strengthening consensus-building processes at national, regional, and local levels. This approach will allow the flexibility to support programs relevant to the changing political environment, permitting support for multi-stakeholder dialogues, institutional development assistance for executive, legislative, judicial, and independent institutions, and funding for civil society groups to conduct consensus-building forums and uphold democratic processes related to the transition. Funding to support independent media will involve developing and strengthening rural radio networks, training media professionals, and media advocacy to improve the enabling environment.

**Investing in People (\$7.1 million):** Plagued by some of the world's worst health indicators, funding for maternal and child health, reproductive health, and HIV/AIDS programs will continue to reduce maternal and child mortality rates, improve reproductive health, and help Guinea maintain its low HIV/AIDS prevalence rate while addressing key governance and transparency issues in the health sector.

Linkages with the President's Plan for AIDS Relief (PEPFAR): Guinea will receive significant support for bilateral HIV/AIDS programs in FY 2008, with programmatic emphasis on a range of interventions related to care, treatment, and prevention.

**Economic Growth (\$2.4 million):** Though richly endowed with minerals, Guinea is one of the poorest countries in the world. The USG will promote a more positive environment for economic growth and ease conditions of poverty by supporting agricultural sector productivity. Guinea is working to get back on track with international financial institutions to make progress towards debt-relief goals.

### Request by Element

(\$ in Thousands)	2006 Actual	2007 Estimate	2008 Request
<b>TOTAL</b>	24,847	*	15,593
Peace & Security	496	*	650
Stabilization Operations and Security Sector Reform	376	*	550
Defense, Military, and Border Restructuring, Reform and Operations	376	*	550
Transnational Crime	120	*	100

(\$ in Thousands)	2006 Actual	2007 Estimate	2008 Request
Trafficking-in-Persons and Migrant Smuggling	120	*	100
<b>Governing Justly &amp; Democratically</b>	<b>3,822</b>	<b>*</b>	<b>5,443</b>
<b>Good Governance</b>	<b>1,918</b>	<b>*</b>	<b>2,082</b>
Local Government and Decentralization	1,013	*	1,142
Anti-Corruption Reforms	440	*	635
Program Support (Governance)	465	*	305
<b>Political Competition and Consensus-Building</b>	<b>0</b>	<b>*</b>	<b>635</b>
Consensus-Building Processes	0	*	635
<b>Civil Society</b>	<b>1,904</b>	<b>*</b>	<b>2,726</b>
Civic Participation	1,000	*	1,786
Media Freedom and Freedom of Information	704	*	635
Program Support (Civil Society)	200	*	305
<b>Investing in People</b>	<b>13,545</b>	<b>*</b>	<b>7,100</b>
<b>Health</b>	<b>8,667</b>	<b>*</b>	<b>7,100</b>
HIV/AIDS	2,175	*	2,000
Maternal and Child Health	4,119	*	3,100
Family Planning and Reproductive Health	2,373	*	2,000
<b>Education</b>	<b>4,878</b>	<b>*</b>	<b>0</b>
Basic Education	4,878	*	0
<b>Economic Growth</b>	<b>6,984</b>	<b>*</b>	<b>2,400</b>
<b>Agriculture</b>	<b>6,984</b>	<b>*</b>	<b>2,400</b>
Agricultural Sector Productivity	6,964	*	2,400
Program Support (Agriculture)	20	*	0

#### **Statement of Changes**

Funding for Guinea has decreased from FY 2006 levels in DA, CSH and IMET accounts. There is an overall increase in Governing Justly and Democratically in civil society, consensus building, anti-corruption, and local government. There is also a decrease of \$1 million in maternal and child health, while support continues for HIV/AIDS. P.L. 480 was decreased by \$5.3 million, which reduced agriculture programs.

**GUINEA-BISSAU**  
Developing

**Obstacles and Opportunities for Advancing Transformational Diplomacy**

Guinea-Bissau is currently in its second attempt at a democratic transition since the 1998-1999 civil war. Guinea-Bissau's greatest challenges are: to overcome the legacy of the war for independence; frequent military intervention; poverty; lack of infrastructure; and high illiteracy rates. Factionalized political groups and a population that lacks skills, education, and information hamper Guinea-Bissau's democratic transition. The political class must develop the capacity to govern effectively, enabling Guinea-Bissau to better address other pressing needs, including security along the northern border with Senegal's volatile Casamance region, and countering the burgeoning problem of narcotics trafficking and international crime. The first priority for U.S. assistance is to sustain this transition by reinforcing democratic practices, strengthening institutions, and promoting peace and security.

**Resources to Help Advance Transformational Diplomacy**

**Request by Objective**

(\$ in thousands)	2006 Actual	2007 Estimate	2008 Request
Peace & Security	136	*	100
Governing Justly & Democratically	0	*	600
<b>Total</b>	<b>136</b>	<b>*</b>	<b>700</b>

**Request by Account**

(\$ in thousands)	2006 Actual	2007 Estimate	2008 Request
Development Assistance	0	*	600
International Military Education & Training	136	*	100
<b>Total</b>	<b>136</b>	<b>*</b>	<b>700</b>

**Peace and Security (\$0.1 million):** Through the International Military Education and Training (IMET) account, funding will build on previous training on civilian control of the military and respect for human rights to encourage stability and security sector reform. Military education and training programs will improve the military's ability to operate effectively and efficiently within a reasonable and manageable budget.

**Governing Justly and Democratically (\$0.6 million):** Funding provided in this area will be used to improve democratic governance and support civil society. Key challenges facing the legislature include: monitoring the budget; legislative oversight of the military and security sector reform; executive-legislative relations; and the institutional development of the legislature. These challenges are magnified by material and administrative difficulties, including the high level of illiteracy among members of the National Assembly - about 60 %. Civil society is beginning to play a role in defending the rights of women and children and demanding basic services such as education and health care, but it still faces significant challenges integrating into the political process in a meaningful way. Civil society funding will provide training and capacity building to organizations promoting reform agendas in the judiciary and government ministries.

### Request by Element

(\$ in Thousands)	2006 Actual	2007 Estimate	2008 Request
<b>TOTAL</b>	136	*	700
Peace & Security	136	*	100
Stabilization Operations and Security Sector Reform	136	*	100
Defense, Military, and Border Restructuring, Reform and Operations	136	*	100
Governing Justly & Democratically	0	*	600
Rule of Law and Human Rights	0	*	360
Constitutions, Laws, and Legal Systems	0	*	360
Civil Society	0	*	240
Civic Participation	0	*	240

### Statement of Changes

Funding for Guinea-Bissau has increased from FY 2006 levels in DA and decreased in IMET. The DA increase of \$0.6 million in FY 2008 will support rule of law, human rights and civil society programs. In FY 2008, peace and security programs will continue to be promoted through IMET.

**KENYA**  
Developing

**Obstacles and Opportunities for Advancing Transformational Diplomacy**

Kenya has the potential to become a transformational country and achieve improved standards of living, improved quality of life, and more transparent, less corrupt and more participatory democratic governance. Such progress will, however, require an economic growth rate of 7% to 8% per year on a sustained basis. Obstacles include the lack of accountability in government, poor rural productivity and management of resources, and a workforce in need of better access to higher quality health care and education. In addition, Kenya's location and institutional weaknesses have made it especially vulnerable to international terrorism and other transnational threats, such as arms smuggling, drug trafficking, and money laundering. Despite these problems, the Kenyan economy grew by 5.8% in 2005. This was mainly achieved through the resilience, resourcefulness, and improved confidence of the private sector. In addition to further economic growth, U.S. support has the opportunity to have a positive impact in the areas of peace and security, good government, health, education and environmental management. Above all, given the current and historic terrorist threat in Kenya, counter-terrorism activities are critical for meeting transformational diplomacy goals. Kenya is the linchpin of East African stability and is a front-line state in the fight against terrorism. Assistance in this area is vital to prevent Kenya from backsliding into increasing insecurity.

**Resources to Help Advance Transformational Diplomacy**

**Request by Objective**

(\$ in thousands)	2006 Actual	2007 Estimate	2008 Request
Peace & Security	5,193	*	8,274
Governing Justly & Democratically	5,015	*	4,300
Investing in People	203,994	*	504,600
Economic Growth	22,430	*	22,750
Humanitarian Assistance	32,921	*	500
<b>Total</b>	<b>269,553</b>	<b>*</b>	<b>540,424</b>

**Request by Account**

(\$ in thousands)	2006 Actual	2007 Estimate	2008 Request
Child Survival and Health	17,840	*	16,950
Development Assistance	21,615	*	28,300
Economic Support Fund	6,420	*	0
Foreign Military Financing	0	*	800
Global HIV/AIDS Initiative	175,950	*	481,000
International Military Education & Training	0	*	550
Nonproliferation, Antiterrorism & Demining	4,763	*	5,824
Public Law 480 (Food Aid)	42,965**	*	7,000
<b>Total</b>	<b>269,553</b>	<b>*</b>	<b>540,424</b>
Peace Corps	3124	*	3087

\*\*FY 2006 includes \$32.897 million of P.L. 480 Title II emergency food aid. In addition to \$42.965 million, Kenya received an additional \$49.5 million of FY 2006 supplemental funds. Emergency food aid has not been allocated to countries in FY 2008



**Peace and Security (\$8.3 million):** Despite excellent military-to-military relations with Kenya, the lack of an Article 98 Agreement currently impedes certain U.S. military assistance funding to the government. Recent changes in legislation allow for the resumption of IMET programs with Kenya. The Department continues to seek an Article 98 Agreement with Kenya and hopes that one will be concluded by FY 2008. U.S. foreign assistance will focus on providing targeted training to increase the professionalism of the Kenyan military and police. The coastal security initiative will expand, with new patrols along the southern and northern borders of Kenya. Training and equipment will assist forces patrolling to secure Kenya's coast and borders, and funding will support efforts to control the flow of weapons through Kenya. Funding will secure police armories in the northern provinces in tandem with the United Nations Development Programme; combat trafficking in persons and alien smuggling; and help to diminish the underlying conditions that spawn terrorism by bringing increased economic and educational opportunities to traditionally marginalized groups.

**Governing Justly and Democratically (\$4.3 million):** Presidential and Parliamentary elections are scheduled for the end of CY 2007. Therefore, FY 2008 will be a critical year for the United States to support reformers in a new (or renewed) administration. This support will include work with the parliament and political parties. Funding for anti-corruption reforms will reduce impunity while also strengthening Kenya's oversight institutions. Parallel investments in judicial independence will promote a more robust application of the rule of law and human rights. Civil society efforts will complement programs that work with the government.

**Investing in People (\$504.6 million):** Combating HIV/AIDS and malaria, maternal and child health, and family planning, account for the majority of programs under this objective. Given Kenya's high population growth rate, family planning is essential to ensure that poverty rates do not escalate. Other health issues will be addressed to increase the productivity of workers, complementing economic growth activities.

Linkages with the President's Malaria Initiative (PMI): Kenya will be a new PMI country in FY 2008 and support the PMI goal of reducing malaria-related morbidity by 50 percent in the 15 participating African countries. Kenya will achieve this goal over three years by reaching 85% coverage of vulnerable groups with proven preventive and therapeutic interventions. These include artemisinin-based combination therapies for the treatment of malaria; a combination of insecticide-treated mosquito nets and indoor residual spraying to prevent malaria; and intermittent preventive treatment to address the impact of malaria in pregnancy.

Linkages with the President's Plan for AIDS Relief (PEPFAR): Kenya, a PEPFAR focus country, will receive significant support for bilateral HIV/AIDS programs in FY 2008. These funds will be used, under the leadership of the host country government, to scale up integrated prevention, care and treatment programs throughout the country. PEPFAR support is invested in partnerships to help the nation build its capacity for a sustainable response. Kenya will also receive PEPFAR resources for HIV/AIDS outside of the Foreign Operations appropriations.

Improved education contributes directly to better health and greater productivity in the workforce as well as the promotion of a stable democratic society. The United States will ensure that quality secular education is available, particularly to girls and children in marginalized areas in the northern and eastern parts of the country. Kenya participates in the African Education Initiative. The United States will also seek to ensure that the education policy environment, the information available to the education system, and technical and managerial capabilities of the teachers and education officials are enhanced and consistent across all regions of the country.

**Economic Growth (\$22.8 million):** Kenya's economy depends heavily on agriculture and tourism, both of which rely on the conservation and sustainable management of the country's rich diversity of natural resources. U.S. programs will continue to focus heavily on improving management, investment, policy and monitoring of the environment and associated governing institutions. Kenya participates in the Initiative to End Hunger in Africa, and the majority of economic growth funds will help enhance the productivity and competitiveness of key agricultural sub-sectors, with complementary investments in policy, trade and micro enterprise development. U.S. assistance programs will also seek to provide assistance to enhance resiliency and reduce vulnerability of rural household livelihoods in drought-prone arid and semi-arid lands of Kenya, where conflict over scarce natural resources contributes to instability.

**Humanitarian Assistance (\$0.5 million):** U.S. assistance will support the continuation of the Famine Early Warning System.

### Request by Element

(\$ in Thousands)	2006 Actual	2007 Estimate	2008 Request
<b>TOTAL</b>	<b>269,553</b>	<b>*</b>	<b>540,424</b>
Peace & Security	5,193	*	8,274
Counter-Terrorism	4,563	*	5,800
Deny Terrorist Sponsorship, Support and Sanctuary	1,563	*	300
Governments' Capabilities	3,000	*	5,500
Combating Weapons of Mass Destruction (WMD)	100	*	0
Counter WMD Proliferation and Combat WMD Terrorism	100	*	0
Stabilization Operations and Security Sector Reform	100	*	1,374
Destruction and Security of Conventional Weapons	100	*	24
Defense, Military, and Border Restructuring, Reform and Operations	0	*	1,350
Transnational Crime	0	*	500
Trafficking-in-Persons and Migrant Smuggling	0	*	440
Program Support (Crime)	0	*	60
Conflict Mitigation and Reconciliation	430	*	600
Conflict Mitigation	300	*	350
Peace and Reconciliation Processes	50	*	170
Program Support (Conflict)	80	*	80
Governing Justly & Democratically	5,015	*	4,300
Rule of Law and Human Rights	0	*	700
Judicial Independence	0	*	600
Program Support (Rule of Law)	0	*	100
Good Governance	2,014	*	2,100
Legislative Function and Processes	606	*	750
Anti-Corruption Reforms	1,158	*	900
Program Support (Governance)	250	*	450
Political Competition and Consensus-Building	3,001	*	500
Elections and Political Processes	2,443	*	0
Political Parties	0	*	420
Program Support (Political Competition)	558	*	80
Civil Society	0	*	1,000
Civic Participation	0	*	850
Media Freedom and Freedom of Information	0	*	150
Investing in People	203,994	*	504,600
Health	198,770	*	499,214

(\$ in Thousands)	2006 Actual	2007 Estimate	2008 Request
HIV/AIDS	175,950	*	481,000
Tuberculosis	1,483	*	2,000
Malaria	5,470	*	4,450
Maternal and Child Health	2,797	*	3,714
Family Planning and Reproductive Health	8,898	*	8,050
Water Supply and Sanitation	4,172	*	0
Education	4,019	*	4,550
Basic Education	4,019	*	4,550
Social and Economic Services and Protection for Vulnerable Populations	1,205	*	836
Social Assistance	1,205	*	836
Economic Growth	22,430	*	22,750
Financial Sector	295	*	0
Financial Services	295	*	0
Agriculture	15,011	*	15,650
Agricultural Enabling Environment	100	*	1,200
Agricultural Sector Productivity	13,811	*	13,250
Program Support (Agriculture)	1,100	*	1,200
Private Sector Competitiveness	1,050	*	900
Private Sector Productivity	1,050	*	800
Program Support (Private Sector)	0	*	100
Economic Opportunity	873	*	900
Policy Environment for Micro and Small Enterprises	323	*	200
Strengthen Microenterprise Productivity	550	*	600
Program Support (Econ Opportunity)	0	*	100
Environment	5,201	*	5,300
Natural Resources and Biodiversity	4,294	*	4,300
Program Support (Environment)	907	*	1,000
Humanitarian Assistance	32,921	*	500
Protection, Assistance and Solutions	32,921	*	0
Crisis Assistance and Recovery	32,921	*	0
Disaster Readiness	0	*	500
Capacity Building, Preparedness, and Planning	0	*	500

### **Linkages with the Millennium Challenge Corporation (MCC)**

The Government of Kenya (GOK) submitted a Threshold Proposal for approval by the Millennium Challenge Corporation in early CY 2007. The two-year program targets procurement reform throughout the GOK, with a focus on the Ministry of Health. It proposes to address the issue of corruption directly and complements the ongoing programs in Governing Democratically and Justly and Investing in People objectives. If approved, it would likely begin in the third quarter of FY 2007.

### **Statement of Changes**

The Peace and Security program objective has increased significantly, from \$5,193,000 in FY 2006 to \$8,274,000 in FY 2008. This increase reflects the urgent need to improve the GOK's capacity to fight terrorism and improve its border security. Increased funding in this area will also complement ongoing efforts to bring stability and security to neighboring Somalia. A significant increase in the Investing in People program area (from \$203,994,000 in FY 2006 to \$504,600,000 in FY 2008) reflects the plus-up in health-related funding for Kenya from PEPFAR and the President's Malaria Initiative.

**LESOTHO**  
Transforming

**Obstacles and Opportunities for Advancing Transformational Diplomacy**

Lesotho has emerged as a democracy in the years following a failed coup attempt in 1998, holding successful national and local elections in May 2002 and in April 2005, respectively. The tiny "mountain kingdom" has a vibrant civil society and an active political opposition. It also has a professional military and enjoys excellent relations with South Africa, within which it is located. Nonetheless, its borders are porous, leaving the country open to terrorists or illicit trafficking activities.

On the domestic front, the country is challenged by a severe HIV/AIDS epidemic (estimated HIV/AIDS prevalence among adults is 29%), widespread poverty (most people live well below the poverty line), high unemployment (the unemployment rate is about 50%) of large numbers of workers with limited skills and education, and few natural resources. Families live mainly on subsistence farming and raising cattle, which has seriously eroded the soil.

**Resources to Help Advance Transformational Diplomacy**

**Request by Objective**

(\$ in thousands)	2006 Actual	2007 Estimate	2008 Request
Peace & Security	0	*	50
Investing in People	0	*	7,500
<b>Total</b>	<b>0</b>	<b>*</b>	<b>7,550</b>

**Request by Account**

(\$ in thousands)	2006 Actual	2007 Estimate	2008 Request
Child Survival and Health	0	*	7,500
International Military Education & Training	0	*	50
<b>Total</b>	<b>0</b>	<b>*</b>	<b>7,550</b>
Peace Corps	2297	*	2435

**Peace and Security (\$50,000):** U.S. assistance programs in Peace and Security will focus solely on peace and security relations. The Lesotho Defense Force (LDF) is an integral part of Lesotho's democratic institutions, and has been in rebuilding mode since the 1998 attempted coup d'etat. U.S. assistance will support further development of the professionalism of the LDF. The Government of Lesotho recently signed an Article 98 agreement, which allows the U.S. to support the International Military Education and Training (IMET) programs emphasizing leadership, management, civil/military relations, and human rights. This training is also intended to safeguard against anti-democratic behavior and to solidify civilian-military coordination and cooperation.

**Investing in People (\$7.5 million):** U.S. assistance will target HIV/AIDS. It will be used to increase the capacity of local non-governmental, community and faith-based organizations to mount a sustainable response to the epidemic.

Linkages with the President's Plan for AIDS Relief (PEPFAR): Lesotho will receive significant support for bilateral HIV/AIDS programs in FY 2008, with programmatic emphasis on a range of interventions related to care, treatment, and prevention. Lesotho will also receive PEPFAR resources for HIV/AIDS outside of the Foreign Operations appropriations.

### Request by Element

(\$ in Thousands)	2006 Actual	2007 Estimate	2008 Request
<b>TOTAL</b>	0	*	7,550
Peace & Security	0	*	50
Stabilization Operations and Security Sector Reform	0	*	50
Defense, Military, and Border Restructuring, Reform and Operations	0	*	50
Investing in People	0	*	7,500
Health	0	*	7,500
HIV/AIDS	0	*	7,500

### Linkages with the Millennium Challenge Corporation (MCC)

Lesotho is a Millennium Challenge Corporation eligible country. In 2005, Lesotho received a grant of \$1.4 million to assist with proposal development. A compact proposal has since been submitted to the MCC and the due diligence process is already underway. The proposal focuses on water/sewage infrastructure, health infrastructure and human resources, and improvements in the business and investment climate. The former includes the development of industrial and safe, potable water supplies. Programs to improve the business and investment climate will include reforms of judicial procedures and commercial law, border and customs procedures, and financial infrastructure and property rights. All of these activities are aimed at helping Lesotho attract new investment to develop value-added manufacturing and increase employment.

### Statement of Changes

The major change in Lesotho's budget request is an increase in PEPFAR funding.

**LIBERIA**  
Rebuilding

**Obstacles and Opportunities for Advancing Transformational Diplomacy**

Liberia's emergence from two decades of civil conflict under new and democratically elected leadership presents opportunities for peaceful development, rather than destabilization in West Africa. Liberia faces challenges that are common for post-conflict countries - restoring public confidence in political, social, and economic institutions, while addressing the forces that created and sustained the conflict. Liberia must overcome past divisions between the capital and rural areas that resulted in uneven opportunities for Liberians, a shattered and weak economy, and a legacy of elite government that exploited the Liberian people and contributed to civil conflict.

The root causes of the civil conflict centered around poor governance and the central government's failure to address the needs and aspirations of the vast majority of Liberians. Maintaining stability for Liberia will require simultaneous progress in addressing insecurity; a culture of impunity, corruption and poor governance; severe gaps in education, health and economic well-being; and widespread damage to infrastructure. Transforming Liberia into a democracy requires focusing on strengthening security structures, establishing effective rule of law, building Liberia's institutional and human capacity, and creating a positive economic environment that instills confidence and attracts investment.

**Resources to Help Advance Transformational Diplomacy**

**Request by Objective**

(\$ in thousands)	2006 Actual	2007 Estimate	2008 Request
Peace & Security	17,214	*	23,730
Governing Justly & Democratically	19,503	*	26,901
Investing in People	28,591	*	28,844
Economic Growth	26,718	*	36,100
Humanitarian Assistance	13,971	*	0
<b>Total</b>	<b>105,997</b>	<b>*</b>	<b>115,575</b>

**Request by Account**

(\$ in thousands)	2006 Actual	2007 Estimate	2008 Request
Child Survival and Health	2,867	*	10,800
Development Assistance	23,726	*	0
Economic Support Fund	42,719	*	73,545
Foreign Military Financing	1,980	*	1,000
International Military Education & Training	130	*	300
International Narcotics Control and Law Enforcement	990	*	4,130
Nonproliferation, Antiterrorism & Demining	220	*	0
Peacekeeping Operations	0	*	16,800
Public Law 480 (Food Aid)	26,971**	*	9,000
Transition Initiatives	6,394	*	0
<b>Total</b>	<b>105,997</b>	<b>*</b>	<b>115,575</b>

\*\*FY 2006 includes \$26.971 million of P.L. 480 Title II emergency food aid. Emergency food aid has not been allocated to countries in FY 2008

**Peace and Security (\$23.7 million):** The U.S. leads Liberia's security sector reform program, which is in the process of recruiting, vetting, training, and equipping a 2,000 person army as well as an entirely new Ministry of Defense staff. The Liberian National Police will receive U.S. management mentoring, training, and basic infrastructure and equipment. Other U.S. contributions are intended for the President's protective detail, the Immigration Bureau, and to improve the appalling conditions in the corrections system.

**Governing Justly and Democratically (\$26.8 million):** Improved governance will enhance Liberia's stability and help prevent renewed conflict, help address the needs and aspirations of Liberians, and create the foundation for investment and growth. A critically important U.S. initiative to improve economic governance, the Governance and Economic Management Assistance Program (GEMAP) will continue, along with support for strengthening oversight and accountability of public sector authorities. Programs in the justice sector will help to increase access to justice through provision of basic legal services and alternatives to formal courts, and at the same time build capacity in the formal legal system. United States' support for local elections, along with programs to strengthen the Liberian legislature, political parties, and civil society will address key gaps and inconsistencies in the country's legal framework, establish democratic accountability, and contribute to mitigating conflict.

**Investing in People (\$28.9 million):** U.S. assistance to create increased human capacity will build on the significant humanitarian efforts undertaken during the conflict and immediate post-conflict period, in order to achieve durable solutions for former combatants, internally displaced persons, and refugees returning to their communities. Major investments in education are aimed at increasing school enrollments and improving the quality of education through teacher training and the provision of needed equipment, material and infrastructure rehabilitation. Support for vocational training to promote workforce development in potential growth areas will be continued, and support for higher education will begin. Public health will receive support to refurbish health facilities and strengthen institutions, national planning, and training of health professionals. Areas of concentration include maternal and child health as well as HIV/AIDS and malaria.

Linkage with the President's Malaria Initiative (PMI): Liberia will be a new PMI country in FY 2008 and support the PMI goal of reducing malaria-related morbidity by 50 percent in the 15 participating African countries. Liberia will achieve this goal over three years by reaching 85% coverage of vulnerable groups with proven preventive and therapeutic interventions. These include artemisinin-based combination therapies for the treatment of malaria; a combination of insecticide-treated mosquito nets and indoor residual spraying to prevent malaria; and intermittent preventive treatment to address the impact of malaria in pregnancy.

Linkages with the President's Plan for AIDS Relief (PEPFAR): Liberia will receive significant support for bilateral HIV/AIDS programs in FY 2008, with programmatic emphasis on a range of interventions related to care, treatment, and prevention.

**Economic Growth (\$36.1 million):** Agriculture sector productivity is a key component to reducing hunger, improving nutrition, and increasing incomes for poor rural farmers. The U.S. program includes support for institutional strengthening, and assistance to the government to establish policy and regulatory reforms to enable improved productivity and market development. The program will address the rehabilitation of smallholder tree crop farms, restocking of decimated food animals with improved species, and training in business management skills, leadership skills, and good governance for farmers' groups and community-based organizations. Micro-credit initiatives will be supported to promote small businesses. Through training and

artisan programs, the United States will strengthen the capacity of Liberians, especially youth and women, to become productive employees. Concurrently, activities will build the commercial viability of small businesses, generating the demand for employable Liberians. Support continues to help expand access to needed energy sources throughout Liberia. A non-emergency food aid program will support agricultural production and food security, in particular for vulnerable groups.

The United States will continue its support through the Liberia Forest Initiative and related activities in GEMAP to improve policies on natural resource commercialization. U.S.-supported community forestry initiatives to establish sound policies and practices to ensure that the Liberian population benefits from its forests and related natural resources. Emphasis will be placed on increasing the transparent and legitimate use, ownership, access, and commercialization of timber, forest products, minerals, fisheries, and other resources.

### Request by Element

(\$ in Thousands)	2006 Actual	2007 Estimate	2008 Request
<b>TOTAL</b>	105,997	*	115,575
Peace & Security	17,214	*	23,730
Stabilization Operations and Security Sector Reform	17,214	*	23,730
Operations Support	990	*	3,500
Disarmament, Demobilization & Reintegration (DDR)	13,398	*	0
Defense, Military, and Border Restructuring, Reform and Operations	2,110	*	18,100
Law Enforcement Restructuring, Reform and Operations	220	*	2,130
Program Support (Stabilization)	496	*	0
Governing Justly & Democratically	19,503	*	26,901
Rule of Law and Human Rights	2,500	*	7,200
Justice System	1,906	*	7,020
Human Rights	490	*	0
Program Support (Rule of Law)	104	*	180
Good Governance	17,003	*	15,500
Legislative Function and Processes	3,154	*	940
Public Sector Executive Function	8,820	*	6,580
Local Government and Decentralization	4,533	*	6,500
Anti-Corruption Reforms	0	*	940
Program Support (Governance)	496	*	540
Political Competition and Consensus-Building	0	*	2,201
Elections and Political Processes	0	*	2,069
Program Support (Political Competition)	0	*	132
Civil Society	0	*	2,000
Civic Participation	0	*	1,880
Program Support (Civil Society)	0	*	120
Investing in People	28,591	*	28,844
Health	7,867	*	12,800
HIV/AIDS	989	*	1,000
Malaria	0	*	2,500
Maternal and Child Health	3,785	*	7,300
Family Planning and Reproductive Health	3,093	*	2,000
Education	7,724	*	13,044
Basic Education	7,724	*	12,544
Higher Education	0	*	500



(\$ in Thousands)	2006 Actual	2007 Estimate	2008 Request
Social and Economic Services and Protection for Vulnerable Populations	13,000	*	3,000
Social Assistance	13,000	*	3,000
Economic Growth	26,718	*	36,100
Infrastructure	16,901	*	10,300
Modern Energy Services	3,201	*	5,000
Transport Services	13,146	*	5,300
Program Support (Infrastructure)	554	*	0
Agriculture	5,015	*	12,756
Agricultural Enabling Environment	0	*	2,350
Agricultural Sector Productivity	5,015	*	10,031
Program Support (Agriculture)	0	*	375
Private Sector Competitiveness	836	*	7,500
Workforce Development	836	*	7,050
Program Support (Private Sector)	0	*	450
Economic Opportunity	2,000	*	2,000
Strengthen Microenterprise Productivity	1,960	*	1,880
Program Support (Econ Opportunity)	40	*	120
Environment	1,966	*	3,544
Natural Resources and Biodiversity	1,966	*	3,451
Program Support (Environment)	0	*	93
Humanitarian Assistance	13,971	*	0
Disaster Readiness	13,971	*	0
Mitigation	13,971	*	0

#### Statement of Changes

Liberia received \$50 million of supplemental ESF funds in FY 2006. Compared to the FY 2006 base budget, funding for Liberia in FY 2008 has increased by \$7.933 million in CSH, \$30.826 million in ESF, \$0.17 million in IMET, \$3.140 million in INCLE, and \$16.8 million in PKO accounts. In FY 2008, DA is zeroed out from \$23.726 million. This reduction was a strategic decision to use ESF in Rebuilding countries and DA in Developing countries. There is also a decrease of \$1 million in FMF, and \$0.22 million in NADR. In FY 2008, increased attention will be given to infrastructure and job creation programs to continue the process of long-term rehabilitation and development. The added emphasis on education better reflects the growing importance of increased human resource capacity in Liberia.

**MADAGASCAR**  
Transforming

**Obstacles and Opportunities for Advancing Transformational Diplomacy**

Madagascar is moving forward in consolidating democracy, developing a free market economy, combating corruption and trafficking in persons, fighting malaria and HIV/AIDS, and protecting its unique environment. Madagascar's biodiversity is consistently identified as one of the highest conservation priorities in the world, yet the country's biological treasures are threatened by population pressure, food insecurity and the common practice of slash-and-burn agriculture. On the security front, Madagascar has insufficient resources to counter terrorism or terrorist-related, transnational criminal activities such as piracy and trafficking. Weak military and law enforcement capabilities create an enabling environment that has served as a magnet for terrorist groups and individuals elsewhere in the past. Ethnic tension between the inhabitants of the coast and of the highland plateau occasionally gives rise to political friction. Finally, advances in the political, economic and health spheres are fragile and susceptible to setbacks in this country of enormous poverty, weak institutions, and shallow-rooted democratic traditions. The United States and the Government of Madagascar (GOM) concur that improvements in health and economic growth are central to strengthening country capabilities and performance.

**Resources to Help Advance Transformational Diplomacy**

**Request by Objective**

(\$ in thousands)	2006 Actual	2007 Estimate	2008 Request
Peace & Security	231	*	350
Governing Justly & Democratically	1,192	*	1,500
Investing in People	20,285	*	18,601
Economic Growth	16,304	*	12,600
Humanitarian Assistance	437	*	399
<b>Total</b>	<b>38,449</b>	*	<b>33,450</b>

**Request by Account**

(\$ in thousands)	2006 Actual	2007 Estimate	2008 Request
Child Survival and Health	11,526	*	11,500
Development Assistance	10,266	*	6,600
Foreign Military Financing	0	*	100
International Military Education & Training	231	*	250
Public Law 480 (Food Aid)	16,426	*	15,000
<b>Total</b>	<b>38,449</b>	*	<b>33,450</b>
Peace Corps	2217	*	2207

**Peace and Security (\$0.4 million):** Investments in stabilization operations and security sector reform will help to improve Madagascar's border controls, develop a viable maritime and coastal security force and establish a professional explosives ordinance disposal capability. Counter terrorism programming will provide a foundation for Madagascar's efforts to secure its borders and improve communications to outlying villages along the coast.

**Governing Justly and Democratically (\$1.5 million):** Independent indices show performance levels bordering on the average for sustaining partnership countries and the recent successful December 2006 presidential election is an encouraging sign of Madagascar's progress toward

democracy. To support this positive trend, U.S. resources will continue to focus on strengthening local government, national anti-corruption efforts and bolstering civil society capacity to enhance the effectiveness and legitimacy of government.

**Investing in People (\$18.6 million):** Madagascar's primary health challenges are HIV/AIDS, chronic child malnutrition and diarrhea, malaria, and maternal and child health. Working in partnership with the GOM, U.S. resources will help advance community health and food security priorities by: promoting reproductive, maternal, and childhood health; intensifying essential nutrition activities; and reducing infectious diseases especially malaria, diarrhea and HIV/AIDS. U.S. health sector funding will also improve access to family planning and clean water and sanitation facilities, which will not only improve maternal and child health, but also contribute to increased worker productivity and reinforce efforts to conserve Madagascar's unique biodiversity.

**Linkage with the President's Malaria Initiative (PMI):** Madagascar will be a new PMI country in FY 2008 and support the PMI goal of reducing malaria-related morbidity by 50 percent in the 15 participating African countries. Madagascar will achieve this goal over three years by reaching 85% coverage of vulnerable groups with proven preventive and therapeutic interventions. These include artemisinin-based combination therapies for the treatment of malaria; a combination of insecticide-treated mosquito nets and indoor residual spraying to prevent malaria; and intermittent preventive treatment to address the impact of malaria in pregnancy.

**Linkages with the President's Plan for AIDS Relief (PEPFAR):** Madagascar will receive significant support for bilateral HIV/AIDS programs in FY 2008, with programmatic emphasis on a range of interventions related to care, treatment, and prevention.

**Economic Growth (\$12.6 million):** U.S. funding will be used to advance efforts to triple Madagascar's protected areas to 6 million hectares, strengthen the organizational and technical capacity of local environmental and forest management institutions, and develop economically viable production forests. This investment is critical to strengthen Madagascar's enabling environment. U.S. support will focus on: 1) mobilizing productive and environmentally sound farming systems through a farmer-to-farmer approach; 2) supporting farmer associations to achieve financial and organizational sustainability; 3) increasing productivity and quality to boost the competitiveness of targeted value chains; and 4) increasing the ability of farmer associations to respond to market requirements.

**Humanitarian Assistance (\$0.4 million):** U.S. resources will focus on disaster readiness. Capacity building, preparedness, and planning are critical for disaster prevention, mitigation and response, which will help reduce asset and crop losses.

### Request by Element

(\$ in Thousands)	2006 Actual	2007 Estimate	2008 Request
<b>TOTAL</b>	38,449	*	33,450
Peace & Security	231	*	350
Stabilization Operations and Security Sector Reform	231	*	350
Defense, Military, and Border Restructuring, Reform and Operations	231	*	350
Governing Justly & Democratically	1,192	*	1,500
Good Governance	1,192	*	1,000
Local Government and Decentralization	0	*	550
Anti-Corruption Reforms	492	*	450

(\$ in Thousands)	2006 Actual	2007 Estimate	2008 Request
Governance of the Security Sector	700	*	0
Civil Society	0	*	500
Civic Participation	0	*	500
Investing in People	20,285	*	18,601
Health	18,097	*	17,500
HIV/AIDS	1,977	*	1,500
Malaria	2,169	*	2,500
Maternal and Child Health	9,858	*	8,000
Family Planning and Reproductive Health	4,093	*	4,000
Water Supply and Sanitation	0	*	1,500
Education	983	*	0
Basic Education	983	*	0
Social and Economic Services and Protection for Vulnerable Populations	1,205	*	1,101
Social Services	1,205	*	1,101
Economic Growth	16,304	*	12,600
Infrastructure	3,285	*	0
Transport Services	3,285	*	0
Agriculture	5,645	*	8,300
Agricultural Sector Productivity	5,645	*	8,300
Environment	7,374	*	4,300
Natural Resources and Biodiversity	7,374	*	4,300
Humanitarian Assistance	437	*	399
Disaster Readiness	437	*	399
Capacity Building, Preparedness, and Planning	437	*	399

### **Linkages with the Millennium Challenge Corporation (MCC)**

In April 2005, Madagascar became the first country in the world to sign an MCC Compact designed to shift production from subsistence to a market-driven economy by focusing on land tenure, agribusiness and the financial sector. The four-year, \$110 million MCC program became fully operational in 2006. The MCC portfolio is complementary to funding requested here with mutually beneficial investments in agricultural and rural development.

### **Statement of Changes**

The \$33.5 million FY 2008 request level for Madagascar is a five million overall decrease from FY 2006. This decrease reflects moderate reductions in CSH and PL 480 Title II (approximately \$1 million) and a \$3.6 million reduction in the DA account - a 25% decrease compared to the FY 2006 actual. The DA reduction is confined almost exclusively to the Economic Growth portion of the program portfolio in which environment and agricultural sector activities have been strategically focused in recognition of planned increases in MCC Compact funding.

**MALAWI**  
Developing

**Obstacles and Opportunities for Advancing Transformational Diplomacy**

The major obstacle to Malawi's advancement is widespread and chronic poverty that fuels a vicious cycle of food insecurity, ill health (including a high HIV/AIDS prevalence rate), low labor productivity and weak economic growth. Malawi's poverty is starkly represented in its socio-economic indicators: average life expectancy of 37 years, and 55% of the population living on one dollar or less per day. Food insecurity is widespread and persistent, with 25% of the population chronically food-insecure. The HIV/AIDS prevalence rate is 14%. The government's ability to address these problems is hampered by a lack of trained personnel. An estimated 60% of the government's health worker positions are vacant and only 96 government doctors serve the entire country.

Malawi moved to multiparty democracy in 1994, after a long period of dictatorship, and has held three successful national elections since that time. U.S. Government programs are assisting to expand and consolidate these steps toward democracy and good governance. Sharply improved fiscal management has recently resulted in Heavily Indebted Poor Countries debt relief for Malawi, and the Government of Malawi has launched a widespread anti-corruption campaign. Government policies emphasize economic growth, food security, and health, and Malawi is gaining international acclaim for its rapid increase of HIV/AIDS anti-retroviral therapy.

**Resources to Help Advance Transformational Diplomacy**

**Request by Objective**

(\$ in thousands)	2006 Actual	2007 Estimate	2008 Request
Peace & Security	345	*	300
Governing Justly & Democratically	0	*	1,250
Investing in People	37,175	*	40,904
Economic Growth	10,259	*	16,846
Humanitarian Assistance	161	*	300
<b>Total</b>	<b>47,940</b>	*	<b>59,600</b>

**Request by Account**

(\$ in thousands)	2006 Actual	2007 Estimate	2008 Request
Child Survival and Health	21,125	*	27,700
Development Assistance	18,632	*	13,600
International Military Education & Training	345	*	300
Public Law 480 (Food Aid)	7,838	*	18,000
<b>Total</b>	<b>47,940</b>	*	<b>59,600</b>
Peace Corps	2107	*	1978

**Peace and Security (\$0.3 million):** U.S. assistance to Malawi promotes stabilization operations and security sector reform by focusing on defense, military, and border security restructuring, reform, and operations through training of senior and mid-level officers of the Malawi Defense Force.

**Governing Justly and Democratically (\$1.3 million):** U.S. assistance will promote political competition and consensus-building by focusing on elections and political processes.

**Investing in People (\$40.9 million):** The U.S. will support nutrition for households caring for orphans and vulnerable children and/or chronically ill members. The U.S. will continue effective health programs in the areas of HIV/AIDS, tuberculosis, malaria, maternal and child health, as well as family planning and reproductive health. U.S. resources will also contribute substantively to improving the quality of primary education, the retention of students, the promotion of effective teaching methodologies (including interactive radio instruction), school administration, and parental/community involvement. In particular, program activities will encourage and support disadvantaged children, including girls and orphans, to attend and remain in school.

Linkage with the President's Malaria Initiative (PMI): Malawi will be a new PMI country in FY 2008 and support the PMI goal of reducing malaria-related morbidity by 50 percent in the 15 participating African countries. Malawi will achieve this goal over three years by reaching 85% coverage of vulnerable groups with proven preventive and therapeutic interventions. These include artemisinin-based combination therapies for the treatment of malaria; a combination of insecticide-treated mosquito nets and indoor residual spraying to prevent malaria; and intermittent preventive treatment to address the impact of malaria in pregnancy.

Linkages with the President's Plan for AIDS Relief (PEPFAR): Malawi will receive significant support for bilateral HIV/AIDS programs in FY 2008, with programmatic emphasis on a range of interventions related to care, treatment, and prevention.

**Economic Growth (\$16.8 million):** The U.S. will expand highly regarded and effective agricultural programs to increase economic growth through higher productivity, irrigation, improved technologies, increased access to credit, diversification of income sources, and increased local capacity to develop and implement appropriate market-friendly agricultural policies. The U.S. will also assist in improving the economic status of micro, small and medium enterprises (MSMEs). Wide-ranging natural resources management and biodiversity activities will be promoted both to protect the natural environment and to stimulate economic growth through income-generating activities such as eco-tourism.

To address chronic food insecurity and famine, U.S. resources will support the surveillance and early warning efforts of the Famine Early Warning System (FEWSNET), the Malawi Vulnerability Assessment Committee, and nutritional surveillance activities.

### Request by Element

(\$ in Thousands)	2006 Actual	2007 Estimate	2008 Request
<b>TOTAL</b>	47,940	*	59,600
Peace & Security	345	*	300
Stabilization Operations and Security Sector Reform	345	*	300
Immediate Protection of Civilians in Conflict	0	*	300
Defense, Military, and Border Restructuring, Reform and Operations	345	*	0
Governing Justly & Democratically	0	*	1,250
Political Competition and Consensus-Building	0	*	1,250
Elections and Political Processes	0	*	1,175
Program Support (Political Competition)	0	*	75
Investing in People	37,175	*	40,904

(\$ in Thousands)	2006 Actual	2007 Estimate	2008 Request
Health	23,073	*	35,304
HIV/AIDS	11,369	*	18,000
Tuberculosis	1,384	*	1,000
Malaria	2,045	*	2,500
Maternal and Child Health	4,123	*	9,804
Family Planning and Reproductive Health	4,152	*	4,000
Education	11,912	*	2,000
Basic Education	11,912	*	2,000
Social and Economic Services and Protection for Vulnerable Populations	2,190	*	3,600
Policies, Regulations, and Systems	2,190	*	0
Social Assistance	0	*	3,600
Economic Growth	10,259	*	16,846
Agriculture	6,003	*	12,446
Agricultural Enabling Environment	0	*	500
Agricultural Sector Productivity	5,865	*	11,619
Program Support (Agriculture)	138	*	327
Economic Opportunity	1,149	*	1,400
Inclusive Financial Markets	1,080	*	1,320
Program Support (Econ Opportunity)	69	*	80
Environment	3,107	*	3,000
Natural Resources and Biodiversity	2,921	*	2,820
Program Support (Environment)	186	*	180
Humanitarian Assistance	161	*	300
Disaster Readiness	161	*	300
Capacity Building, Preparedness, and Planning	158	*	300
Program Support (Disaster Readiness)	3	*	0

#### **Linkages with the Millennium Challenge Corporation (MCC)**

Malawi is a Millennium Challenge Corporation Threshold country, with the MCC providing \$20.9 million to fight corruption and improve fiscal management, enabling Malawi to strengthen the legislative and judicial branches of government, provide support for lead anti-corruption agencies, strengthen independent media coverage, and expand and intensify the work of civil society organizations.

#### **Statement of Changes**

Funding levels for Malawi have increased from FY 2006 due largely to increased funding of health, agriculture, governance and humanitarian assistance.

**MALI**  
Transforming

**Obstacles and Opportunities for Advancing Transformational Diplomacy**

Despite positive economic growth rates on the order of 5% annually over the past decade and slowly improving access to health care and education, Mali continues to rank near the bottom of the United Nations Human Development Index, owing primarily to continuing lack of sufficient access to health care and basic education for a large percentage of the population. While Mali's resource base, including agriculture and mineral wealth, is extensive and diverse, little value-added processing occurs, international market linkages remain tenuous, and commerce prevails in lieu of employment generating investments. Tuareg rebels have recently caused disruption in the North, the area which poses the greatest challenge to both development and stability.

However, Mali is a thriving, indeed model, Muslim democracy with a strong human rights record, and serves as a vital partner in the War on Terror (GWOT). Mali currently chairs the Community of Democracies, and is committed to regional economic integration. It is also a key participant in the Trans-Sahara Counterterrorism Partnership (TSCTP). There are many opportunities to strengthen and consolidate Mali's democratic institutions, help Mali invest in its people, promote rapid, sustainable economic growth, and ensure Mali's continued cooperation in the GWOT. Future growth will depend on employment generating investments, and the development of the education and health sectors to support an expanding economy.

**Resources to Help Advance Transformational Diplomacy**

**Request by Objective**

(\$ in thousands)	2006 Actual	2007 Estimate	2008 Request
Peace & Security	564	*	250
Governing Justly & Democratically	1,959	*	2,350
Investing in People	21,292	*	19,480
Economic Growth	15,013	*	7,000
<b>Total</b>	<b>38,828</b>	*	<b>29,080</b>

**Request by Account**

(\$ in thousands)	2006 Actual	2007 Estimate	2008 Request
Child Survival and Health	16,554	*	13,845
Development Assistance	15,349	*	12,985
International Military Education & Training	0	*	250
Nonproliferation, Antiterrorism & Demining	564	*	0
Public Law 480 (Food Aid)	6,361**	*	2,000
<b>Total</b>	<b>38,828</b>	*	<b>29,080</b>
Peace Corps	3655	*	3795

\*\*FY 2006 includes \$6.361 million of P.L. 480 Title II emergency food aid. Emergency food aid has not been allocated to countries in FY 2008

**Peace and Security (\$0.3 million):** The United States can best assist Mali in establishing peace and security by focusing on assistance that complements and supports Mali's participation in TSCTP as a U.S. ally in the GWOT. The United States will support training that promotes a more professional military and augments capabilities to make Mali a more effective actor in the



war on terror. A range of development activities in the North complement and balance the military assistance provided under the TSCTP.

**Governing Justly and Democratically (\$2.35 million):** Strengthening Mali's democracy, a model for the region, is the United State's foremost foreign policy priority in the country. Given that Mali has established a democratic system, assistance will focus on ensuring its functionality at the local level. Local government and decentralization assistance will consolidate Mali's democratization, stem corruption, and address civil unrest in the North with programs focused on transparent budget management and citizen participation at the local level. Target communes will improve budget transparency and increase tax revenues to support health and education services. The United States will continue to support media freedom and information programs through community-based radio that will ensure citizen access to information and help build peace and mitigate conflict in the North.

**Investing in People (\$19.5 million):** Mali's exploding population and unskilled workforce are major obstacles to its development. These obstacles undermine economic growth and jeopardize long-term democratic gains. Improved standards of living are essential to sustain Mali's partnership on counterterrorism. Mali's health and education indicators, while improving slowly, remain among the worst in the world. The United States will provide HIV/AIDS assistance focused on prevention and surveillance. U.S. assistance in the area of family planning and reproductive health will help reduce the world's third-highest birth rates. Maternal and child health assistance will increase birth preparedness, and immunization, and prevent post partum hemorrhage. As part of the President's Africa Education Initiative, the United States will improve basic education through support to Mali's education sector reform program, teacher training, girls' education, and community participation benefiting public and religious (medersa) schools. Malaria assistance will address the number-one killer of children under five in Mali.

Linkage with the President's Malaria Initiative (PMI): Mali will be a new PMI country in FY 2008 and support the PMI goal of reducing malaria-related morbidity by 50 percent in the 15 participating African countries. Mali will achieve this goal over three years by reaching 85% coverage of vulnerable groups with proven preventive and therapeutic interventions. These include artemisinin-based combination therapies for the treatment of malaria; a combination of insecticide-treated mosquito nets and indoor residual spraying to prevent malaria; and intermittent preventive treatment to address the impact of malaria in pregnancy.

Linkages with the President's Plan for AIDS Relief (PEPFAR): Mali will receive significant support for bilateral HIV/AIDS programs in FY 2008, with programmatic emphasis on a range of interventions related to care, treatment, and prevention. Mali will also receive PEPFAR resources for HIV/AIDS outside of the Foreign Operations appropriations.

**Economic Growth (\$7.0 million):** U.S. assistance will to reduce regulatory and administrative barriers to trade, as well as support an improved financial sector focused on facilitating new investment and expanded access to credit, particularly in Mali's rural areas. Under the Presidential Initiative to End Hunger in Africa, agriculture sector programming will focus on removing obstacles to agribusiness development and actively promoting agribusiness development through a value chain approach, including rice and other commodities relevant to the Millennium Challenge Corporation (MCC) activities. Integrated business development related assistance will encourage private sector development and investment. Integrated natural resource management linking tourism, biodiversity, and agro-forestry, while supporting increased agricultural production will help reduce rural poverty, while simultaneously creating macroeconomic growth.

## Request by Element

(\$ in Thousands)	2006 Actual	2007 Estimate	2008 Request
<b>TOTAL</b>	38,828	*	29,080
Peace & Security	564	*	250
Counter-Terrorism	564	*	0
Deny Terrorist Sponsorship, Support and Sanctuary	564	*	0
Stabilization Operations and Security Sector Reform	0	*	250
Immediate Protection of Civilians in Conflict	0	*	250
Governing Justly & Democratically	1,959	*	2,350
Good Governance	1,610	*	2,000
Local Government and Decentralization	1,110	*	1,480
Program Support (Governance)	500	*	520
Political Competition and Consensus-Building	200	*	0
Elections and Political Processes	200	*	0
Civil Society	149	*	350
Media Freedom and Freedom of Information	80	*	145
Program Support (Civil Society)	69	*	205
Investing in People	21,292	*	19,480
Health	16,554	*	14,545
HIV/AIDS	3,955	*	3,000
Malaria	2,490	*	2,500
Maternal and Child Health	3,583	*	4,245
Family Planning and Reproductive Health	6,526	*	4,500
Water Supply and Sanitation	0	*	300
Education	4,738	*	4,935
Basic Education	4,738	*	4,935
Economic Growth	15,013	*	7,000
Trade and Investment	1,608	*	170
Trade and Investment Enabling Environment	800	*	145
Trade and Investment Capacity	608	*	0
Program Support (Trade)	200	*	25
Financial Sector	1,099	*	550
Financial Services	850	*	460
Program Support (Financial Sector)	249	*	90
Agriculture	10,441	*	5,030
Agricultural Enabling Environment	0	*	500
Agricultural Sector Productivity	9,941	*	3,860
Program Support (Agriculture)	500	*	670
Environment	1,865	*	1,250
Natural Resources and Biodiversity	1,174	*	800
Clean Productive Environment	390	*	250
Program Support (Environment)	301	*	200

### Linkages with the Millennium Challenge Corporation (MCC)

On November 13, 2006, the Millennium Challenge Corporation and Government of Mali signed a five-year, \$460.8 million compact designed to reduce poverty through economic growth. U.S. support for a broad economic growth program will facilitate and leverage the impact of Mali's MCC compact focused on improved agricultural output and increased export capabilities.

### **Statement of Changes**

While the MCC program and significant new funding under PMI will substantially increase total U.S. development funding for Mali, DA will decrease by \$2.36 million and CSH will decrease by \$2.71 million from FY 2006 levels. The decrease in DA and CSH resources are reflected in reduced economic growth and social service delivery programs. There is increased emphasis in FY 2008 on local government, decentralization and education. NADR funds will be reduced to \$0 in FY 2008, while IMET funds will be increased for training under Peace and Security.

**MAURITANIA**  
Developing

**Obstacles and Opportunities for Advancing Transformational Diplomacy**

Ruled by a military junta that came to power in August 2005, Mauritania stands at a historic crossroad with credible legislative elections held in November and December 2006 and the potentially first free and fair presidential election in Mauritania's history scheduled for March 2007. Supporting a democratic transition in this Islamic nation with one foot in the Arab League and the other in the African Union will be one of the most immediate challenges for U.S. assistance. Mauritania is now an oil exporting nation, and good governance and anti-corruption programs will be vital to ensure that the revenues generated by oil exports are used for the sustainable economic development of the nation. Mauritania is a key regional ally in the war on terror and a core participant in the Trans-Sahara Counter-Terrorism Partnership. Mauritania is also a low-income nation with very low indicators in health and education (particularly for women), requiring significant investment to prevent recurring humanitarian crises and to promote development.

This government will need to develop democratic institutions rapidly and undertake micro- and macroeconomic reforms to develop a country with little arable land, a fast-growing population, significant levels of chronic malnutrition, and unresolved ethnic tensions and grievances between governing White Moors (30%), Black Moors (40%), and Afro-Mauritanians (30%). Mauritania is also threatened by Islamic radicalism and, in particular, the Salafist Group for Preaching and Combat terrorist organization.

**Resources to Help Advance Transformational Diplomacy**

**Request by Objective**

(\$ in thousands)	2006 Actual	2007 Estimate	2008 Request
Peace & Security	0	*	630
Governing Justly & Democratically	0	*	1,320
Investing in People	3,555	*	4,000
Economic Growth	2,510	*	1,000
<b>Total</b>	<b>6,065</b>	<b>*</b>	<b>6,950</b>

**Request by Account**

(\$ in thousands)	2006 Actual	2007 Estimate	2008 Request
Development Assistance	0	*	1,520
International Military Education & Training	0	*	130
International Narcotics Control and Law Enforcement	0	*	300
Public Law 480 (Food Aid)	6,065**	*	5,000
<b>Total</b>	<b>6,065</b>	<b>*</b>	<b>6,950</b>
Peace Corps	2895	*	3408

\*\*FY 2006 includes \$4.373 million of P.L. 480 Title II emergency food aid. Emergency food aid has not been allocated to countries in FY 2008

**Peace and Security (\$0.6 million):** Assistance will be used to improve the government's capability to combat terrorism and provide training to Mauritanian security forces. Funds will also help combat trafficking in persons.

**Governing Justly and Democratically (\$1.3 million):** The U.S. will provide assistance to the legislature, and reinforce democratic institutions such as political parties and a free press. Funding will promote human rights with programs designed to address a troubling history of slavery, and to redress discrimination against Afro-Mauritanians. Finally, anti-corruption programs, which will be coordinated with other international financial institutions and donors, will be designed to ensure that new oil exports are used for investment and rapid development.

**Investing in People (\$4.0 million):** Funding in this area is focused on improving Mauritania's basic health indicators to help lay the foundation for further development. Child and maternal health will be addressed through both preventative and treatment programs. Local capacity will be built to identify and respond to food insecurity problems including access to clean water in carefully identified populations. Multiple interventions are employed including increased household income of targeted micro entrepreneurs and community works to build up assets required to improve production conditions.

**Economic Growth (\$1.0 million):** This funding will be used to build the capacity of micro-credit institutions through training and a micro-credit fund, resulting in new and expanded livelihood strategies to earn income for needed food.

#### Request by Element

(\$ in Thousands)	2006 Actual	2007 Estimate	2008 Request
<b>TOTAL</b>	6,065	*	6,950
Peace & Security	0	*	630
Counter-Terrorism	0	*	300
Governments' Capabilities	0	*	300
Stabilization Operations and Security Sector Reform	0	*	130
Defense, Military, and Border Restructuring, Reform and Operations	0	*	130
Transnational Crime	0	*	200
Trafficking-in-Persons and Migrant Smuggling	0	*	200
Governing Justly & Democratically	0	*	1,320
Good Governance	0	*	770
Legislative Function and Processes	0	*	200
Anti-Corruption Reforms	0	*	250
Governance of the Security Sector	0	*	320
Political Competition and Consensus-Building	0	*	300
Consensus-Building Processes	0	*	100
Political Parties	0	*	200
Civil Society	0	*	250
Media Freedom and Freedom of Information	0	*	250
Investing in People	3,555	*	4,000
Health	3,555	*	4,000
Maternal and Child Health	850	*	4,000
Water Supply and Sanitation	2,705	*	0
Economic Growth	2,510	*	1,000
Agriculture	2,010	*	0
Agricultural Sector Productivity	2,010	*	0
Economic Opportunity	500	*	1,000
Strengthen Microenterprise Productivity	500	*	1,000

### **Statement of Changes**

Funding for Mauritania has increased from FY 2006 levels in DA by \$1.52 million and decreased in P.L. 480 by \$1.1 million. Funding shifted from Economic Growth to Peace and Security and Governing Justly and Democratically. This strategic shift is necessary to take advantage of the expected change from military rule to a representative democracy in May 2007. This democratic opening is significant for the region and the U.S. Government is realigning its resources to respond.

**MAURITIUS**  
Sustaining Partnership

**Obstacles and Opportunities for Advancing Transformational Diplomacy**

Mauritius' economic development and democratic vigor serve as models for the region and developing nations worldwide despite looming economic challenges. Mauritius is focused on fostering greater economic growth, strengthening its economic relationship with the United States, and ensuring domestic, regional and international peace and prosperity. In addition, there is an important opportunity to foster and develop Mauritius' continued support of counterterrorism initiatives.

**Resources to Help Advance Transformational Diplomacy**

**Request by Objective**

(\$ in thousands)	2006 Actual	2007 Estimate	2008 Request
Peace & Security	1,003	*	150
Governing Justly & Democratically	0	*	190
Investing in People	14	*	0
Humanitarian Assistance	12	*	0
<b>Total</b>	<b>1,029</b>	<b>*</b>	<b>340</b>

**Request by Account**

(\$ in thousands)	2006 Actual	2007 Estimate	2008 Request
Development Assistance	0	*	190
International Military Education & Training	126	*	150
Nonproliferation, Antiterrorism & Demining	903	*	0
<b>Total</b>	<b>1,029</b>	<b>*</b>	<b>340</b>

**Peace and Security (\$0.2 million):** Mauritius and several other island nations in the Southwest Indian Ocean are presently the focus of U.S. efforts to assist in the development of coastal and maritime security capabilities within the region. Foreign assistance resources invested in Mauritian defense, military, and border security restructuring, reform and operations will improve and advance stability and security in the region. Specifically, these resources will provide courses for Mauritius' armed forces, including officer professionalism, organizational planning, coastal security, and integrated force management, and will also permit the purchase of appropriate equipment.

**Governing Justly and Democratically (\$0.2 million):** Investments in Mauritius' judicial/prosecution system will help stem the problem of child prostitution and improve the country's Tier Two status on the Watch List for Trafficking in Persons. Resources will provide legal expertise to help Mauritius establish a family court in an already overburdened judicial system., as the United States continues to engage the Government of Mauritius in providing more resources to the police and social services, and to enact anti-trafficking legislation.

### Request by Element

(\$ in Thousands)	2006 Actual	2007 Estimate	2008 Request
<b>TOTAL</b>	1,029	*	340
Peace & Security	1,003	*	150
Counter-Terrorism	953	*	88
Governments' Capabilities	903	*	88
Program Support (Counter-Terrorism)	50	*	0
Stabilization Operations and Security Sector Reform	50	*	62
Law Enforcement Restructuring, Reform and Operations	50	*	62
Governing Justly & Democratically	0	*	190
Rule of Law and Human Rights	0	*	190
Justice System	0	*	190
Investing in People	14	*	0
Health	14	*	0
HIV/AIDS	14	*	0
Humanitarian Assistance	12	*	0
Disaster Readiness	12	*	0
Capacity Building, Preparedness, and Planning	12	*	0

### Statement of Changes

The FY 2008 request reflects an \$853,000 decrease from the FY 2006 actual level. This decrease is due to the one-time training course on Explosive Incident Countermeasures offered in FY 2006.



**MOZAMBIQUE**  
Transforming

**Obstacles and Opportunities for Advancing Transformational Diplomacy**

Mozambique ranks 168 out of 177 countries on the 2005 United Nations Development Program Human Development Index despite strong economic growth over the past 12 years. Agriculture supports 80% of the population, with 54% of the population living at or below the poverty level of \$1 per day (2003 survey). While Mozambique has achieved remarkable gains in economic growth, malnutrition rates remain high due to low agricultural productivity. A severe, generalized HIV/AIDS epidemic, with a 16% HIV prevalence rate among adults, is a complicating factor. In addition to goals to promote economic growth and improve health, the U.S. and Mozambique are working more closely together on regional security issues.

President Guebuza's government, in office since February 2005, and the U.S. Government have established a good partnership. In addition to a shared commitment to promote economic growth and improve health, the two countries are working more closely together on regional security issues.

**Resources to Help Advance Transformational Diplomacy**

**Request by Objective**

(\$ in thousands)	2006 Actual	2007 Estimate	2008 Request
Peace & Security	2,589	*	800
Governing Justly & Democratically	1,342	*	2,045
Investing in People	96,862	*	243,650
Economic Growth	27,416	*	34,740
Humanitarian Assistance	250	*	200
<b>Total</b>	<b>128,459</b>	<b>*</b>	<b>281,435</b>

**Request by Account**

(\$ in thousands)	2006 Actual	2007 Estimate	2008 Request
Child Survival and Health	17,262	*	15,650
Development Assistance	13,407	*	21,985
Foreign Military Financing	0	*	200
Global HIV/AIDS Initiative	79,600	*	223,000
International Military Education & Training	245	*	300
International Narcotics Control and Law Enforcement	0	*	300
Nonproliferation, Antiterrorism & Demining	2,344	*	0
Public Law 480 (Food Aid)	15,601	*	20,000
<b>Total</b>	<b>128,459</b>	<b>*</b>	<b>281,435</b>
Peace Corps	2332	*	2494

**Peace and Security (\$0.8 million):** Mozambique is a transit country for terrorists and smugglers due to porous borders, corruption, and weak law enforcement. U.S. assistance is correspondingly focused on supporting a coastal security program to help Mozambique control its waters and coastline, and providing training and equipment to improve the capacity of immigration officials and border security forces.

**Governing Justly and Democratically (\$2.0 million):** Limited government connection with the public and corruption persist which could undermine government legitimacy and effectiveness over time. Improvements in municipal governance offer the best opportunity to build trust. In selected municipalities, U.S. resources will support the creation of models of effective democratic governance, characterized by better administrative and financial capacity, accountable and capable elected officials, and increased civic participation. U.S. assistance will help fight corruption through training and technical assistance and by integrating anti-corruption efforts into programs aiding municipalities. To support continued free and fair elections, a modest share of U.S. assistance will provide election monitoring of the municipal elections scheduled for 2008 and the presidential elections for 2009.

**Investing in People (\$243.7 million):** U.S. resources will be used to implement activities to improve the health of Mozambican families to enable them to use locally grown crops more effectively for family needs, and to become stronger, more productive, less vulnerable to disease, and more effective participants in community health and development. U.S. provided water and sanitation resources will not only help to mitigate water-related diseases such as diarrhea and cholera, but also will help improve public health generally and promote economic growth.

Linkage with the President's Malaria Initiative (PMI): In FY 2008, Mozambique will continue to support the PMI goal of reducing malaria-related morbidity by 50% by reaching 85% coverage of vulnerable groups with proven preventive and therapeutic interventions.

Linkages with the President's Plan for AIDS Relief (PEPFAR): PEPFAR funds will be used, under the leadership of the host country government, to scale up integrated prevention, care and treatment programs throughout the country.

**Economic Growth (\$34.7 million):** Poverty alleviation through broad-based economic growth is the top priority of the Government of Mozambique. To achieve this, the Government is simultaneously addressing constraints to smallholder agriculture and trying to attract investment in labor-intensive manufacturing by creating an environment that is attractive to investors. U.S. resources support interventions in both of these areas. U.S. funding is also creating a more hospitable business environment through technical assistance to develop and implement sound economic policy. Finally, U.S. resources will build capacity within the private sector to advocate for a better business environment and to create a sustainable tourist industry.

**Humanitarian Assistance (\$0.2 million):** Technical assistance will be provided to enhance the ability of the Ministry of Agriculture to deliver early warnings, conduct needs assessments, and develop both national and regional emergency early warning monitoring capability over the next five years.

### Request by Element

(\$ in Thousands)	2006 Actual	2007 Estimate	2008 Request
<b>TOTAL</b>	128,459	*	281,435
Peace & Security	2,589	*	800
Stabilization Operations and Security Sector Reform	2,589	*	800
Operations Support	0	*	200
Destruction and Security of Conventional Weapons	2,344	*	0
Defense, Military, and Border Restructuring, Reform and Operations	245	*	600
Governing Justly & Democratically	1,342	*	2,045

(\$ in Thousands)	2006 Actual	2007 Estimate	2008 Request
Good Governance	1,342	*	1,845
Local Government and Decentralization	500	*	900
Anti-Corruption Reforms	477	*	600
Program Support (Governance)	365	*	345
Political Competition and Consensus-Building	0	*	200
Elections and Political Processes	0	*	200
Investing in People	96,862	*	243,650
Health	96,862	*	243,650
HIV/AIDS	79,600	*	223,000
Tuberculosis	989	*	1,500
Malaria	6,259	*	5,150
Other Public Health Threats	227	*	0
Maternal and Child Health	4,251	*	8,500
Family Planning and Reproductive Health	5,536	*	5,500
Economic Growth	27,416	*	34,740
Trade and Investment	750	*	1,940
Trade and Investment Enabling Environment	520	*	1,080
Trade and Investment Capacity	0	*	560
Program Support (Trade)	230	*	300
Financial Sector	100	*	0
Financial Sector Enabling Environment	100	*	0
Agriculture	24,157	*	25,940
Agricultural Enabling Environment	256	*	1,200
Agricultural Sector Productivity	23,717	*	23,440
Program Support (Agriculture)	184	*	1,300
Private Sector Competitiveness	926	*	2,600
Business Enabling Environment	641	*	2,300
Program Support (Private Sector)	285	*	300
Environment	1,483	*	4,260
Natural Resources and Biodiversity	995	*	2,000
Clean Productive Environment	0	*	1,760
Program Support (Environment)	488	*	500
Humanitarian Assistance	250	*	200
Disaster Readiness	250	*	200
Capacity Building, Preparedness, and Planning	250	*	200

#### **Linkages with the Millennium Challenge Corporation (MCC)**

Mozambique and the MCC are expected to enter into a compact in late FY 2007 for approximately \$260 million over five years, targeted on the poorest regions of the country. The program under design will concentrate on private sector development, water and sanitation and other key infrastructure intended to increase the region's productivity and competitiveness.

#### **Statement of Changes**

Funding for Mozambique has significantly increased from FY 2006. This is due in large part to increased HIV/AIDS funding. The Economic Growth Objective for FY 2008 has likewise increased due heightened P.L. 480 Title II funding levels.

**NAMIBIA**  
Transforming

**Obstacles and Opportunities for Advancing Transformational Diplomacy**

Namibia, one of the youngest democracies in Africa, is performing well according to independent analyses of governance and democracy measures. However, given the short history of democracy, Namibian institutions are young and remain vulnerable to mismanagement as they are challenged to simultaneously address numerous formidable development challenges. Acute economic disparities in Namibia hinder economic development needed to sustain democratization and improve health. Half of Namibia's population survives on about 10% of national income; many live well below the poverty line. Namibia is struggling to transform an economy that is too heavily reliant on the export of primary resources with little value added. Compounding this problem, Namibia is constrained by its arid environment and decades of apartheid-era under-investment in education that has led to a low-skilled workforce with high unemployment. HIV/AIDS and tuberculosis epidemics present severe obstacles to Namibia's progress toward a stable market-oriented democracy and poverty reduction. The United States has experience and comparative advantage in assisting Namibia to fight these epidemics. Working to improve the quality of basic education is a U.S. assistance priority in Namibia.

**Resources to Help Advance Transformational Diplomacy**

**Request by Objective**

(\$ in thousands)	2006 Actual	2007 Estimate	2008 Request
Peace & Security	0	*	100
Governing Justly & Democratically	762	*	0
Investing in People	55,135	*	115,225
Economic Growth	3,850	*	0
<b>Total</b>	<b>59,747</b>	*	<b>115,325</b>

**Request by Account**

(\$ in thousands)	2006 Actual	2007 Estimate	2008 Request
Child Survival and Health	1,168	*	1,200
Development Assistance	7,079	*	3,025
Global HIV/AIDS Initiative	51,500	*	111,000
International Military Education & Training	0	*	100
<b>Total</b>	<b>59,747</b>	*	<b>115,325</b>
Peace Corps	2648	*	2661

**Peace and Security (\$0.1 million):** The United States seeks to expand connections with Namibia's military leaders and support their interest in strengthening both regional civil-military and military-to-military relations, as well as improve their capacity to participate meaningfully in peacekeeping operations. U.S. assistance will be used to send Namibian Defense Force officers and Non-Commissioned Officers to courses such as Command and General Staff College and the Sergeant Major's Academy. These courses reinforce democratic principles by teaching the role of the military in democracy, the centrality of human rights, and the primacy of law.

**Investing in People (\$115.2 million):** Basic education is a key requirement for the skilled workforce that is necessary for economic growth. While access to education has improved since

Independence, problems of quality, content, and retention continue to disadvantage a large portion of the population. The main challenge now is to ensure that learners receive quality teaching in key subject areas.

Utilizing resources provided under the President's Africa Education Initiative, U.S. assistance will focus on improving the quality of primary education by enhancing the teaching skills of grade one through seven teachers in six disadvantaged regions of Namibia in three core subjects - English, science and math. U.S. technical assistance will help the Ministry of Education implement national standards that are designed to improve the quality of education at the school level and sustain necessary education reforms.

Namibia has one of the most severe tuberculosis (TB) epidemics in the world, with the second highest case notification rate according to the 2006 World Health Organization Global TB report. The estimated number of TB patients that are HIV positive is 58%, making it the leading cause of death for people living with AIDS. U.S. assistance to fight the TB epidemic in Namibia will be programmed to: expand effective community-based treatment and reinforce prevention, palliative care, and support; improve quality control efforts to strengthen case detection capacity and cure of smear-positive TB patients; and strengthen TB drug management and government efforts to ensure a regular supply of TB drugs and diagnostic materials, supervise key operations at an intermediate and district level, and reinforce the current TB recording/reporting system.

Linkages with the President's Plan for AIDS Relief (PEPFAR):

Namibia, a PEPFAR focus country, will receive significant support for bilateral HIV/AIDS programs in FY 2008. These funds will be used, under the leadership of the host country government, to scale up integrated prevention, care and treatment programs throughout the country. PEPFAR support is invested in partnerships to help the nation build its capacity for a sustainable response. Namibia will also receive PEPFAR resources for HIV/AIDS outside of the Foreign Operations appropriations.

### Request by Element

(\$ in Thousands)	2006 Actual	2007 Estimate	2008 Request
<b>TOTAL</b>	59,747	*	115,325
Peace & Security	0	*	100
Stabilization Operations and Security Sector Reform	0	*	100
Defense, Military, and Border Restructuring, Reform and Operations	0	*	100
Governing Justly & Democratically	762	*	0
Good Governance	305	*	0
Legislative Function and Processes	232	*	0
Program Support (Governance)	73	*	0
Civil Society	457	*	0
Civic Participation	348	*	0
Program Support (Civil Society)	109	*	0
Investing in People	55,135	*	115,225
Health	52,668	*	112,200
HIV/AIDS	51,500	*	111,000
Tuberculosis	1,168	*	1,200
Education	2,467	*	3,025
Basic Education	2,467	*	3,025
Economic Growth	3,850	*	0

(\$ in Thousands)	2006 Actual	2007 Estimate	2008 Request
Environment	3,850	*	0
Natural Resources and Biodiversity	3,365	*	0
Program Support (Environment)	485	*	0

#### **Linkages with the Millennium Challenge Corporation (MCC)**

In November 2005, Namibia was selected as an eligible country for the Millennium Challenge Account (MCA). Should a compact be approved, it is expected to focus on critical aspects of rural development, considered key to economic growth and poverty reduction.

#### **Statement of Changes**

Given its status as MCA eligible and a PEPFAR focus country, overall foreign assistance resources requested for Namibia will increase in FY 2008. Based on sustained progress in indicators measuring Governing Justly and Democratically and Economic Growth, some program elements (Natural Resources and Biodiversity and Good Governance and Civil Society) will end in FY 2007, and programs will phase out in FY 2008. Funding for Investing in People (Basic Education) will increase.

**NIGER**  
Developing

**Obstacles and Opportunities for Advancing Transformational Diplomacy**

Niger is a young democracy struggling to consolidate its democratic political gains against a variety of internal and external destabilizing forces. This democracy is under threat from Islamic extremism crossing the border from Nigeria, and terrorist groups operating across the Sahel. Chronic malnutrition and desperate poverty threaten its 95% Muslim population, necessitating frequent emergency humanitarian interventions by the international donor community. Niger's education and health indicators are at or near the bottom of the United Nation's development index. The country is landlocked and high transportation costs are a challenge for global competitiveness. It has an unsustainably high birth rate and very little water or arable land. These challenges far outstrip current available resources. Assistance that will improve the daily lives of people, including economic conditions, is essential to sustaining democratization and partnership on counter-terrorism.

**Resources to Help Advance Transformational Diplomacy**

**Request by Objective**

(\$ in thousands)	2006 Actual	2007 Estimate	2008 Request
Peace & Security	905	*	1,100
Governing Justly & Democratically	0	*	1,300
Investing in People	4,945	*	5,605
Economic Growth	11,600	*	10,500
Humanitarian Assistance	2,900	*	0
<b>Total</b>	<b>20,350</b>	<b>*</b>	<b>18,505</b>

**Request by Account**

(\$ in thousands)	2006 Actual	2007 Estimate	2008 Request
Development Assistance	0	*	3,405
International Military Education & Training	0	*	100
Nonproliferation, Antiterrorism & Demining	905	*	0
Public Law 480 (Food Aid)	19,445**	*	15,000
<b>Total</b>	<b>20,350</b>	<b>*</b>	<b>18,505</b>
Peace Corps	2812	*	2992

\*\*FY 2006 includes \$16.697 million of P.L. 480 Title II emergency food aid. Emergency food aid has not been allocated to countries in FY 2008

**Peace and Security (\$1.1 million):** Niger is a valuable ally in the Global War on Terror. It is a core participant in the Trans-Sahara Counter-Terrorism Partnership (TSCTP). Assistance in this objective is designed to complement ongoing TSCTP activities and train Niger's security forces.

**Governing Justly and Democratically (\$1.3 million):** As a young, growing democracy, Niger needs additional assistance to reinforce its existing success. Advancements in democracy and governance are particularly crucial in areas threatened by Islamic extremism. An effective, transparent, and participatory decentralization process is essential not only to advance democratization in Niger, but also to involve citizens and other actors at the local level in order to address chronic issues such as food insecurity and to combat extremism. Vitaly important elections in 2009 will represent the first successful transfer of power from one democratically-

elected government to another, a key milestone. Funding to support the decentralization process, as well as elections support, will help to strengthen this young democracy's ability to govern.

**Investing in People (\$5.6 million):** Niger has one of the highest infant mortality rates in the world, as well as a very high birth rate and low literacy rates. Funding in maternal and child health is designed to address these problems. Additional funding will address general weakness in the public health sector and a pressing need for clean water. Assistance to an education program is designed to bring Niger up from near bottom in global literacy figures, with a particular focus on women's education where Niger ranks last among the countries for which data is available. Attention to education also allows presenting alternatives to extremist views promoted in educational institutions sponsored by Islamic radicals.

**Economic Growth (\$10.5 million):** Niger suffers from a chronic nutritional crisis and is one of the least developed countries in the world. Assistance in this area is intended to bolster economic growth and help Niger deal with its nutritional crisis and burgeoning population. U.S. assistance will build on successful food security interventions currently underway in agricultural, agro-pastoral and pastoral areas to further increase the food security of the most vulnerable populations. Through an integrated, multi-sectoral approach, the funds will be used to enhance agricultural productivity. This funding will support the U.S. commitment to the African Union's Comprehensive African Agricultural Development Program in food-stressed countries.

### Request by Element

(\$ in Thousands)	2006 Actual	2007 Estimate	2008 Request
<b>TOTAL</b>	20,350	*	18,505
Peace & Security	905	*	1,100
Counter-Terrorism	905	*	1,050
De-Legitimize Terrorist Ideology	0	*	1,000
Governments' Capabilities	0	*	50
Program Support (Counter-Terrorism)	905	*	0
Stabilization Operations and Security Sector Reform	0	*	50
Defense, Military, and Border Restructuring, Reform and Operations	0	*	50
Governing Justly & Democratically	0	*	1,300
Good Governance	0	*	1,300
Local Government and Decentralization	0	*	1,300
Investing in People	4,945	*	5,605
Health	4,945	*	4,500
Maternal and Child Health	4,945	*	4,500
Education	0	*	1,105
Basic Education	0	*	1,105
Economic Growth	11,600	*	10,500
Agriculture	11,600	*	10,500
Agricultural Sector Productivity	11,600	*	10,500
Humanitarian Assistance	2,900	*	0
Protection, Assistance and Solutions	2,900	*	0
Crisis Assistance and Recovery	2,900	*	0



### **Linkages with the Millennium Challenge Corporation (MCC)**

Niger was selected as a Millennium Challenge Corporation threshold eligible country in November 2006 and is currently preparing a proposal for MCC threshold funding in the areas of controlling corruption and improving access of young girls' to quality basic education.

### **Statement of Changes**

Funding for Niger has increased from FY 2006 levels in DA and decreased in P.L. 480. The DA account increases from \$0 to \$3.4 million, which will help strengthen local government and decentralization programs. P.L. 480 decreased by \$4.45 million.

**NIGERIA**  
Developing

**Obstacles and Opportunities for Advancing Transformational Diplomacy**

The greatest constraints to Nigeria's advancement are deeply entrenched poverty and unemployment, which breed: disaffection in youth and provide an entry point for Islamic extremism; continued pervasive corruption; and ineffective governance. Decades of unaccountable rule eroded health and education infrastructure, failed to adequately address the growing HIV/AIDS threat, suppressed democratic institutions, and stifled job creation. The incumbent government has acted to reverse these trends, and demonstrated commitment to reform. The prioritized goals of the United States in its development partnership with Nigeria are to: strengthen social stability through improved social services; strengthen transparent and accountable governance; promote a more market-led economy; and enhance Nigeria's capacity as a responsible regional and trade partner. Professionalism and reform of the security services are important components of this partnership. Given Nigeria's size and limited resources, focus will be on the impoverished Muslim North and oil-rich Niger Delta.

**Resources to Help Advance Transformational Diplomacy**

**Request by Objective**

(\$ in thousands)	2006 Actual	2007 Estimate	2008 Request
Peace & Security	3,372	*	5,350
Governing Justly & Democratically	8,346	*	13,200
Investing in People	166,421	*	507,500
Economic Growth	2,215	*	7,500
<b>Total</b>	<b>180,354</b>	<b>*</b>	<b>533,550</b>

**Request by Account**

(\$ in thousands)	2006 Actual	2007 Estimate	2008 Request
Child Survival and Health	21,544	*	31,300
Development Assistance	12,488	*	31,400
Economic Support Fund	4,950	*	0
Foreign Military Financing	990	*	1,350
Global HIV/AIDS Initiative	138,600	*	467,500
International Military Education & Training	792	*	800
International Narcotics Control and Law Enforcement	990	*	1,200
<b>Total</b>	<b>180,354</b>	<b>*</b>	<b>533,550</b>

**Peace and Security (\$5.4 million):** Funding will continue to provide equipment and training for Nigerian peacekeeping forces while promoting effective civilian oversight of the military and its adherence to human rights norms. Expanded law enforcement programs will improve Nigeria's human rights record and restore public faith and cooperation with the security services. Funding will increase the capacity of government institutions, civil society, political parties, and other stakeholders to prevent, manage, and mitigate the impact of conflict. The U.S. program will also build Nigeria's capability to address narcotics trafficking, with a focus on interdiction efforts.

**Governing Justly and Democratically (\$13.2 million):** Funding will advance the rule of law by strengthening the capacity and transparency of the justice system, and build judicial independence at the federal level. Good governance and anti-corruption reform will be advanced by creating more responsive governance structures at the national and local levels, improving service delivery, and strengthening budget management capacity and fiscal oversight. The United States will work directly with a diverse cross section of Nigerian civil society organizations, building their internal management capacity and strengthening their ability to engage with the government on issues of fiscal accountability, budget monitoring, and extractive industries transparency. Resources will support post-election activities working to improve the organizational development of political parties, foster the independence of the electoral commission, and to improve civil society oversight of redistricting.

**Investing in People (\$507.5 million):** The United States' ability to help Nigeria address the fundamental health and education of its citizens directly impacts governance, stability, and economic growth. The United States will support increased access to quality family planning and reproductive health services. Maternal and child health efforts will focus on routine immunization, polio eradication, birth preparedness, and maternity services. With a child malaria mortality burden of over 300,000 preventable deaths per year, the United States will also increase access to proven preventive and curative interventions, including insecticide treated nets, net retreatment kits, and malaria treatment for children and pregnant women. Nigeria has the largest tuberculosis (TB) burden in Africa. To reduce death and disability, especially in the vulnerable co-infected HIV/AIDS population, U.S. assistance will double the case detection rate and halve the incidence of TB over the next 10 years. Funding will support equitable access to quality basic education through teacher training, infrastructure improvement, and community involvement, focusing on public schools as well as Islamiyyah schools that provide both secular and religious education. U.S. assistance will foster higher education partnerships between American and Nigerian universities, focusing on those in the north and the volatile Delta regions.

Linkages with the President's Plan for AIDS Relief (PEPFAR): Nigeria, a PEPFAR focus country, will receive significant support for bilateral HIV/AIDS programs in FY 2008. These funds will be used, under the leadership of the host country government, to scale up integrated prevention, care and treatment programs throughout the country. PEPFAR support is invested in partnerships to help the nation build its capacity for a sustainable response. Nigeria will also receive PEPFAR resources for HIV/AIDS outside of the Foreign Operations appropriations.

**Economic Growth (\$7.5 million):** Funding will build trade and investment capacity and improve the enabling environment for agriculture and microfinance. U.S. agricultural sector productivity resources will accelerate the uptake of proven production, processing, and marketing technologies and stimulate job creation through the growth of agribusiness enterprises. U.S. assistance will also focus on expanding investment opportunities, which are hindered by limited access to market-driven commercial financial services, including microfinance. Assistance will also help to expand access to market-driven vocational and technical training linked with employment opportunities in the private sector, and promote development of entrepreneurial skills. Funds will be used to help develop a policy environment for micro, small, and medium-sized enterprises. Funds will also support customs regulation and policy reform to encourage internal and external trade, taking advantage of African Growth and Opportunity Act incentives for trade with the United States, and development of private sector capacity to meet international trade and export standards.

### Request by Element

(\$ in Thousands)	2006 Actual	2007 Estimate	2008 Request
<b>TOTAL</b>	180,354	*	533,550
Peace & Security	3,372	*	5,350
Stabilization Operations and Security Sector Reform	1,782	*	2,750
Defense, Military, and Border Restructuring, Reform and Operations	1,782	*	2,150
Law Enforcement Restructuring, Reform and Operations	0	*	400
Program Support (Stabilization)	0	*	200
Counter-Narcotics	495	*	600
Interdiction	95	*	250
Program Support (Narcotics)	400	*	350
Transnational Crime	945	*	0
Financial Crimes and Money Laundering	95	*	0
Trafficking-in-Persons and Migrant Smuggling	450	*	0
Program Support (Crime)	400	*	0
Conflict Mitigation and Reconciliation	150	*	2,000
Conflict Mitigation	0	*	1,907
Peace and Reconciliation Processes	150	*	0
Program Support (Conflict)	0	*	93
Governing Justly & Democratically	8,346	*	13,200
Rule of Law and Human Rights	0	*	3,500
Judicial Independence	0	*	1,352
Justice System	0	*	1,805
Program Support (Rule of Law)	0	*	343
Good Governance	3,546	*	3,800
Legislative Function and Processes	1,000	*	0
Local Government and Decentralization	1,341	*	1,795
Anti-Corruption Reforms	250	*	1,794
Program Support (Governance)	955	*	211
Political Competition and Consensus-Building	4,800	*	2,400
Elections and Political Processes	4,800	*	1,997
Program Support (Political Competition)	0	*	403
Civil Society	0	*	3,500
Civic Participation	0	*	3,200
Program Support (Civil Society)	0	*	300
Investing in People	166,421	*	507,500
Health	160,144	*	498,800
HIV/AIDS	138,600	*	467,500
Tuberculosis	1,582	*	2,600
Malaria	2,661	*	2,500
Maternal and Child Health	3,856	*	13,000
Family Planning and Reproductive Health	13,445	*	13,200
Education	6,277	*	8,700
Basic Education	6,277	*	7,700
Higher Education	0	*	1,000
Economic Growth	2,215	*	7,500
Trade and Investment	0	*	1,000
Trade and Investment Enabling Environment	0	*	449
Trade and Investment Capacity	0	*	448
Program Support (Trade)	0	*	103

(\$ in Thousands)	2006 Actual	2007 Estimate	2008 Request
Financial Sector	390	*	0
Financial Services	390	*	0
Agriculture	1,825	*	4,000
Agricultural Enabling Environment	342	*	901
Agricultural Sector Productivity	1,483	*	2,704
Program Support (Agriculture)	0	*	395
Private Sector Competitiveness	0	*	1,000
Workforce Development	0	*	879
Program Support (Private Sector)	0	*	121
Economic Opportunity	0	*	1,500
Inclusive Financial Markets	0	*	448
Policy Environment for Micro and Small Enterprises	0	*	893
Program Support (Econ Opportunity)	0	*	159

### Statement of Changes

Funding for Nigeria has increased from FY 2006 levels in CSH and DA and decreased in ESF. CSH increased by \$9.76 million, which will promote health programs and result in increases in maternal and child health programs. The CSH increase will be critical to USAID support for Nigeria polio eradication, particularly to focus activities in Northern Nigeria which has been the most problematic area in performance. DA increased by \$18.9 million while ESF was zeroed out from \$4.95 million. This reduction was a strategic decision to use ESF in Rebuilding Countries and DA in Developing Countries. The increase in DA will strengthen Governing Justly and Democratically and Economic Growth programs. Efforts to counter terrorism will increase, across objectives, through expanded conflict mitigation, civil society strengthening, health, education and agriculture activities in northern Nigeria. Significant increases in funding for HIV/AIDS from the GHAI account will be used to expand HIV/AIDS prevention, care, and treatment programs.

**REPUBLIC OF THE CONGO**  
Developing

**Obstacles and Opportunities for Advancing Transformational Diplomacy**

The Republic of the Congo (ROC) is emerging from several years of conflict that have had a severe impact on its economy and infrastructure and on the education and health of its people. The government does not yet have the capacity to adequately address the country's needs; as a consequence, movement towards transformational development has been slow. The ROC is a country rich in natural resources, However, the country's wealth has not trickled down to the general populace. Programs aimed at enhancing security are an essential part of U.S. efforts to bolster stability in the ROC.

**Resources to Help Advance Transformational Diplomacy**

**Request by Objective**

(\$ in thousands)	2006 Actual	2007 Estimate	2008 Request
Peace & Security	155	*	100
Humanitarian Assistance	784	*	0
<b>Total</b>	<b>939</b>	<b>*</b>	<b>100</b>

**Request by Account**

(\$ in thousands)	2006 Actual	2007 Estimate	2008 Request
International Military Education & Training	155	*	100
Public Law 480 (Food Aid)	784**	*	0
<b>Total</b>	<b>939</b>	<b>*</b>	<b>100</b>

\*\*FY 2006 includes \$.784 million of P.L. 480 Title II emergency food aid. Emergency food aid has not been allocated to countries in FY 2008

**Peace and Security (\$0.1 million):** Assistance will support Congolese efforts to professionalize its security forces. The U.S. military training program will provide courses on civil-military relations, human rights, and the English language for Congolese military forces. The U.S. will also monitor the steps taken by the government to further economic and political reforms.

**Request by Element**

(\$ in Thousands)	2006 Actual	2007 Estimate	2008 Request
<b>TOTAL</b>	<b>939</b>	<b>*</b>	<b>100</b>
Peace & Security	155	*	100
Stabilization Operations and Security Sector Reform	155	*	100
Defense, Military, and Border Restructuring, Reform and Operations	155	*	100
Humanitarian Assistance	784	*	0
Protection, Assistance and Solutions	784	*	0
Crisis Assistance and Recovery	784	*	0

**Statement of Changes**

Funding for the ROC has decreased from FY 2006 levels. U.S. assistance will continue to focus on defense, military, and border restructuring reform and operations.

**RWANDA**  
Developing

**Obstacles and Opportunities for Advancing Transformational Diplomacy**

Rwanda is still struggling to overcome its past and modernize its economy. The legacy of the devastating civil war and 1994 genocide underlies the challenges faced by a government attempting to balance the goals of internal security, democracy, and economic development. While the Rwandan government has made great progress in rebuilding the country, many problems remain. Rwanda has the potential to develop into a positive and stabilizing force in the Great Lakes region through the bolstering of the government's ability to rule justly and fairly, provide basic services for the populace, and foster economic growth.

**Resources to Help Advance Transformational Diplomacy**

**Request by Objective**

(\$ in thousands)	2006 Actual	2007 Estimate	2008 Request
Peace & Security	288	*	400
Governing Justly & Democratically	1,629	*	2,300
Investing in People	76,267	*	129,202
Economic Growth	17,075	*	10,300
<b>Total</b>	<b>95,259</b>	<b>*</b>	<b>142,202</b>

**Request by Account**

(\$ in thousands)	2006 Actual	2007 Estimate	2008 Request
Child Survival and Health	7,284	*	8,702
Development Assistance	7,257	*	7,100
Global HIV/AIDS Initiative	60,000	*	116,000
International Military Education & Training	288	*	400
Public Law 480 (Food Aid)	20,430**	*	10,000
<b>Total</b>	<b>95,259</b>	<b>*</b>	<b>142,202</b>

\*\*FY 2006 includes \$7.967 million of P.L. 480 Title II emergency food aid. Emergency food aid has not been allocated to countries in FY 2008

**Peace and Security (\$0.4 million):** International Military Education and Training (IMET) funds will continue to enhance the professional, technical, and tactical proficiency of the Rwandan armed forces. African Contingency Operations Training and Assistance complements and reinforces IMET assistance, by providing training to strengthen the military's capacity to participate in peacekeeping operations throughout the continent.

**Governing Justly and Democratically (\$2.3 million):** For a nation of over eight million, Rwanda has only 250 judges, 90 prosecutors, and 150 attorneys. Access to an attorney is financially, logistically, and practically beyond reach for almost all. The United States supports the rule of law and human rights through programs intended to strengthen the justice system, improve journalism, build capacity of local governments, promote national reconciliation, and strengthen civil society. The Rwandan media have had limited access to training. U.S. assistance for a journalism training center will increase professionalism and create a more reliable and credible media. In support of the Government of Rwanda's comprehensive decentralization program, the United States is assisting local governments in 12 of the nation's 30 districts in planning, budgeting, coordination and execution. Programs also increase the capacity of local

civil society organizations to participate in the decentralization process and provide input to local governments.

**Investing in People (\$129.2 million):** Rwanda's under-five mortality and life expectancy indicators are among the worst in Africa. U.S. assistance supports family planning and reproductive health, and maternal and child health; these programs will help to reduce maternal and under-five mortality rates. Safe motherhood programs complement HIV/AIDS prevention by working with prevention of maternal-to-child transmission programs funded through the President's Emergency Plan for AIDS Relief (PEPFAR). Furthermore, these programs will slow population growth and increase overall productivity and economic growth. Through the President's Africa Education Initiative, U.S. assistance also supports basic education through workforce development for youth, which will contribute to overall productivity and economic growth. P.L. 480 food aid programs will provide social assistance through food distribution to the most needy and vulnerable populations. Funding malaria programs through the President's Malaria Initiative will have a similar effect because malaria is the primary cause of mortality in Rwanda.

**Linkage with the President's Malaria Initiative (PMI):** In FY 2008, Rwanda will continue to support the PMI goal of reducing malaria-related morbidity by 50% by reaching 85% coverage of vulnerable groups with proven preventive and therapeutic interventions. These include artemisinin-based combination therapies for the treatment of malaria; a combination of insecticide-treated mosquito nets and indoor residual spraying to prevent malaria; and intermittent preventive treatment to address the impact of malaria in pregnancy.

**Linkages with the President's Plan for AIDS Relief (PEPFAR):** Rwanda, a PEPFAR focus country, will receive significant support for bilateral HIV/AIDS programs in FY 2008. These funds will be used, under the leadership of the host country government, to scale up integrated prevention, care and treatment programs throughout the country. PEPFAR support is invested in partnerships to help the nation build its capacity for a sustainable response. Rwanda will also receive PEPFAR resources for HIV/AIDS outside of the Foreign Operations appropriations.

**Economic Growth (\$10.3 million):** Over 90% of Rwanda's population is engaged in subsistence farming. U.S. assistance targets the agricultural sector from subsistence farming to market-led, commercial agriculture. Funding focuses on agricultural sector productivity. P.L. 480 programs support the agricultural sector by investing in terracing, marshland development and small infrastructure development. Rwanda's overall business climate is improving, though there is still much to be done. U.S. assistance focuses on private sector productivity in the agribusiness sector (mainly specialty coffee and dairy) in order to tackle important issues that affect the business and investment climates. Programs also focus on the protection of biodiversity through the promotion of sustainable eco-tourism.

### Request by Element

(\$ in Thousands)	2006	2007	2008
	Actual	Estimate	Request
<b>TOTAL</b>	95,259	*	142,202
Peace & Security	288	*	400
Stabilization Operations and Security Sector Reform	288	*	400
Defense, Military, and Border Restructuring, Reform and Operations	288	*	400
Governing Justly & Democratically	1,629	*	2,300
Rule of Law and Human Rights	0	*	600



(\$ in Thousands)	2006 Actual	2007 Estimate	2008 Request
Justice System	0	*	500
Program Support (Rule of Law)	0	*	100
Good Governance	899	*	800
Local Government and Decentralization	750	*	700
Program Support (Governance)	149	*	100
Civil Society	730	*	900
Civic Participation	630	*	500
Media Freedom and Freedom of Information	0	*	300
Program Support (Civil Society)	100	*	100
Investing in People	76,267	*	129,202
Health	67,284	*	124,702
HIV/AIDS	60,000	*	116,000
Malaria	1,349	*	2,500
Maternal and Child Health	2,475	*	2,202
Family Planning and Reproductive Health	3,460	*	4,000
Education	983	*	500
Basic Education	983	*	500
Social and Economic Services and Protection for Vulnerable Populations	8,000	*	4,000
Social Assistance	8,000	*	4,000
Economic Growth	17,075	*	10,300
Financial Sector	233	*	0
Financial Services	233	*	0
Agriculture	14,970	*	7,800
Agricultural Sector Productivity	14,870	*	7,700
Program Support (Agriculture)	100	*	100
Private Sector Competitiveness	889	*	1,500
Private Sector Productivity	789	*	1,400
Program Support (Private Sector)	100	*	100
Environment	983	*	1,000
Natural Resources and Biodiversity	883	*	900
Program Support (Environment)	100	*	100

### **Linkages with the Millennium Challenge Corporation (MCC)**

Rwanda was invited to participate in the Millennium Challenge Corporation Threshold Program for the first time in FY 2007. If approved, Rwandan implementation of a Threshold Country Plan starting in FY2008 would address shortcomings in the ruling justly and democratically category that would significantly increase Rwanda's future prospects of fully qualifying for Millennium Challenge Account compact assistance. Programs in the Threshold Country Program would complement ongoing democracy programs supporting rule of law and human rights, decentralization, and civil society.

### **Statement of Changes**

Among program elements, there have been decreases in Agricultural Sector Productivity, Financial Services, and Social Assistance, and increases in Malaria, Family Planning and Reproductive Health, Media Freedom and Freedom of Information, Private Sector Productivity, and a significant increase in funding for HIV/AIDS. With funding for the PMI, U.S. assistance will contribute significantly to the eradication of malaria, the number one cause of death of children under five.

## SAO TOME AND PRINCIPE

Developing

### Obstacles and Opportunities for Advancing Transformational Diplomacy

The Democratic Republic of Sao Tome and Principe (STP) is a robust but unstable democracy with a history of free and fair elections and a good human rights record. The economy is slowly growing, but the government depends heavily on foreign donors to meet its obligations. In 2004, per capita GDP was \$370. STP expects an oil boom, but drilling results so far have been disappointing. STP's HIV/AIDS infection rate is low, but other illnesses, especially malaria and cholera, are endemic, and create serious health and economic problems. The lack of institutional and human capacity in both the public and private sectors reduces the number of viable strategic opportunities to advance transformational development, including regional stability.

### Resources to Help Advance Transformational Diplomacy

#### Request by Objective

(\$ in thousands)	2006 Actual	2007 Estimate	2008 Request
Peace & Security	289	*	200
<b>Total</b>	<b>289</b>	<b>*</b>	<b>200</b>

#### Request by Account

(\$ in thousands)	2006 Actual	2007 Estimate	2008 Request
International Military Education & Training	289	*	200
<b>Total</b>	<b>289</b>	<b>*</b>	<b>200</b>

**Peace and Security (\$0.2 million):** The small STP military is in need of training and equipment to build capacity at all levels and to help bolster its coastal security program. The United States' International Military Education and Training (IMET) program will provide training in military leadership skills, military justice, English, and professional development.

#### Request by Element

(\$ in Thousands)	2006 Actual	2007 Estimate	2008 Request
<b>TOTAL</b>	289	*	200
Peace & Security	289	*	200
Stabilization Operations and Security Sector Reform	289	*	200
Defense, Military, and Border Restructuring, Reform and Operations	289	*	200

### Linkages with the Millennium Challenge Corporation (MCC)

As an MCA Threshold country, STP requested assistance to develop its fiscal and monetary policy. The country submitted a threshold proposal to the MCC that focused on financial systems reforms in anticipation of oil revenues. The proposal was not approved by the MCC. Currently the Government of STP is working with the U.S. Department of Treasury to strengthen the proposal.

**SENEGAL**  
Developing

**Obstacles and Opportunities for Advancing Transformational Diplomacy**

Senegal has long been one of the most stable countries in Africa, but will need to significantly boost economic growth, create jobs, and improve social conditions to assure continued stability and moderation. Specific challenges will be to reduce impediments to higher growth by promoting policy reforms and improving a business environment that is not attractive to investors, while expanding the capacity of producers and entrepreneurs to compete in export markets. A healthier and better educated population will be critical to underpin and sustain economic growth advances. The Government of Senegal (GOS) has made great strides to increase primary education expenditures, and with U.S. assistance will rise to the challenge of expanding access to and improving the quality of middle school education. Achieving a final peaceful resolution to the conflict in the Casamance region remains a key challenge, and assuring transparent governance and an accountable political class will be critical to the willingness of foreign and domestic businessmen to continue and expand investments in Senegal.

Senegal is the United States' primary partner in Francophone Africa. A political success and a diplomatic player on a continent often marked by conflict and failing states, Senegal continues to broaden its ties to the United States, and seeks a more productive economic and security relationship. Senegal is a leading contributor to United Nations and regional peacekeeping.

**Resources to Help Advance Transformational Diplomacy**

**Request by Objective**

(\$ in thousands)	2006 Actual	2007 Estimate	2008 Request
Peace & Security	3,609	*	3,300
Governing Justly & Democratically	658	*	1,400
Investing in People	34,371	*	23,550
Economic Growth	8,491	*	6,350
Humanitarian Assistance	68	*	200
<b>Total</b>	<b>47,197</b>	<b>*</b>	<b>34,800</b>

**Request by Account**

(\$ in thousands)	2006 Actual	2007 Estimate	2008 Request
Child Survival and Health	14,001	*	12,300
Development Assistance	25,909	*	17,900
Foreign Military Financing	495	*	0
International Military Education & Training	1,089	*	1,100
Nonproliferation, Antiterrorism & Demining	1,200	*	0
Public Law 480 (Food Aid)	4,503	*	3,500
<b>Total</b>	<b>47,197</b>	<b>*</b>	<b>34,800</b>
Peace Corps	4048	*	3658

**Peace and Security (\$3.3 million):** The United States will continue the critical engagement with Senegal to help establish a durable peace in Casamance and to reintegrate this potentially productive region. U.S. assistance programs will continue to support GOS efforts to seek a

political resolution of the conflict, as well as defense operations for border security, and military reform. This includes programs to professionalize the Senegalese Armed Forces, the National Gendarmerie, and the Navy. As a key ally in the Global War on Terror, the United States will work with the GOS to build the government's capabilities to combat terrorists and deny terrorist sponsorship, support, and sanctuary. The United States will also continue to assist the GOS to address trafficking in persons, a small but vital program. We believe that this will contribute to developing a more professional force that supports democracy and human rights, combats terrorism, and assists in maintaining long-term regional stability.

**Governing Justly and Democratically (\$1.4 million):** Given the possibility of further democratic erosion and the need to hold government and politicians accountable, U.S. assistance programs will work with and fund key civil society actors. The United States will promote anti-corruption reforms, which are critical to fostering the transparency needed to increase domestic and foreign investment, thus sustaining economic growth.

**Investing in People (\$23.6 million):** U.S. assistance programs will focus on addressing malaria, providing a foundation on which the President's Malaria Initiative (PMI) can build upon. HIV/AIDS remains a critical problem in Senegal and U.S. assistance programs will focus on providing prevention programs. Tuberculosis is a crucial intervention, as the United States is the only current partner working on tuberculosis. U.S. assistance programs will also promote maternal and child health programs and family planning and reproductive health programs. The United States will support a large basic education program to provide access to education to middle school youth, especially girls in rural areas, and to improve the quality and relevance of instruction delivered in these schools. U.S. assistance works to reduce food insecurity in 133 vulnerable communities in northern Senegal by strengthening human capabilities in health, education, and nutrition through improved educational opportunities; improved caretaker practices in health, nutrition, and hygiene; and increased nutritional and organization support to people living with HIV/AIDS. The building of local NGO capacity and community associations through training, technical assistance, and mentoring is stressed.

Linkage with the President's Malaria Initiative: In FY 2008, Senegal will continue to support the PMI goal of reducing malaria-related morbidity by 50 percent by reaching 85% coverage of vulnerable groups with proven preventive and therapeutic interventions. These include artemisinin-based combination therapies for the treatment of malaria; a combination of insecticide-treated mosquito nets and indoor residual spraying to prevent malaria; and intermittent preventive treatment to address the impact of malaria in pregnancy.

Linkages with the President's Plan for AIDS Relief (PEPFAR): Swaziland will receive significant support for bilateral HIV/AIDS programs in FY 2008, with programmatic emphasis on a range of interventions related to care, treatment, and prevention. Swaziland will also receive PEPFAR resources for HIV/AIDS outside of the Foreign Operations appropriations.

**Economic Growth (\$6.4 million):** In order to build a market-oriented economy with potential for transformation and growth, the United States will work with Senegal to increase the level of foreign investment and trade through improvements to the investment climate and through training on public-private partnerships. U.S. assistance will help to improve agricultural sector productivity by promoting high-value and non-traditional agricultural crops, and developing grades, standards and quality control measures for targeted products. U.S. assistance programs will also help develop a business enabling environment and improvements in the private sector that enables Senegal to compete with foreign companies internationally. These funds will be used to work with Senegalese companies to increase their marketing, financing, and management

skills, and also to work at the policy level to improve competitiveness. U.S. assistance programs will also support natural resources and biodiversity, which improves the quality of living and underpins economic growth.

**Humanitarian Assistance (\$.2 million):** U.S. assistance supports capacity building to better prepare Senegal to monitor conditions affecting food security and to assure early warning and response.

### Request by Element

(\$ in Thousands)	2006 Actual	2007 Estimate	2008 Request
<b>TOTAL</b>	47,197	*	34,800
Peace & Security	3,609	*	3,300
Counter-Terrorism	1,200	*	0
Program Support (Counter-Terrorism)	1,200	*	0
Stabilization Operations and Security Sector Reform	1,584	*	1,100
Operations Support	495	*	0
Defense, Military, and Border Restructuring, Reform and Operations	1,089	*	1,100
Conflict Mitigation and Reconciliation	825	*	2,200
Conflict Mitigation	0	*	1,000
Peace and Reconciliation Processes	584	*	1,000
Program Support (Conflict)	241	*	200
Governing Justly & Democratically	658	*	1,400
Good Governance	658	*	625
Local Government and Decentralization	350	*	0
Anti-Corruption Reforms	226	*	522
Program Support (Governance)	82	*	103
Civil Society	0	*	775
Civic Participation	0	*	648
Program Support (Civil Society)	0	*	127
Investing in People	34,371	*	23,550
Health	15,913	*	14,245
HIV/AIDS	6,800	*	3,415
Tuberculosis	791	*	1,000
Malaria	2,168	*	2,500
Maternal and Child Health	3,312	*	4,530
Family Planning and Reproductive Health	2,842	*	2,800
Education	18,458	*	9,305
Basic Education	18,458	*	9,305
Economic Growth	8,491	*	6,350
Trade and Investment	1,420	*	800
Trade and Investment Enabling Environment	632	*	0
Trade and Investment Capacity	612	*	669
Program Support (Trade)	176	*	131
Agriculture	3,321	*	1,700
Agricultural Sector Productivity	3,019	*	1,421
Program Support (Agriculture)	302	*	279
Private Sector Competitiveness	2,250	*	2,350
Business Enabling Environment	984	*	600
Private Sector Productivity	984	*	1,365

(\$ in Thousands)	2006 Actual	2007 Estimate	2008 Request
Program Support (Private Sector)	282	*	385
Environment	1,500	*	1,500
Natural Resources and Biodiversity	1,312	*	1,254
Program Support (Environment)	188	*	246
Humanitarian Assistance	68	*	200
Protection, Assistance and Solutions	68	*	0
Protection and Solutions	68	*	0
Disaster Readiness	0	*	200
Capacity Building, Preparedness, and Planning	0	*	200

#### **Linkages with the Millennium Challenge Corporation (MCC)**

Senegal is Millennium Challenge Corporation (MCC) eligible. The MCC has approved a grant of up to \$6.5 million to assist Senegal in the development of its Compact.

#### **Statement of Changes**

Funding for Senegal has decreased from FY 2006 levels in CSH, DA, FMF, NADR and P.L. 480 accounts. The CSH account has decreased by \$1.7 million and DA has decreased by \$10.8 million. Though PMI funding will mitigate the affect to health programs, this decrease is reflected in a scaled-down education program. NADR was zeroed out from \$1.2 million and P.L. 480 decreased by \$1 million. Economic Growth decreased by \$2.1 million. Governing Justly and Democratically increased by \$.742 million in recognition of the tremendous impact that improved governance can have on Senegal's economic performance, poverty reduction, and the GOS' ability to deliver social services.

**SEYCHELLES**  
Sustaining Partnership

**Obstacles and Opportunities for Advancing Transformational Diplomacy**

The Republic of Seychelles is a peaceful small archipelago in the Indian Ocean, which has for three decades suffered from excessive state control of the economy. Poor economic policies, hard currency shortages, and heavy-handed politics have taken their toll on Seychelles. Despite the highest per capita income in Africa, shortages in foodstuffs such as rice, sugar, and basic consumer goods are common. Foreign exchange restrictions prevent many Seychellois from traveling abroad and cripple normal economic activity. An overvalued currency inhibits foreign investment and hurts the tourist industry. Seychelles has one of the highest debt service ratios in the world. President Michel, the long-time vice-president who inherited the top job in 2004, has taken quiet but steady steps to repair the economy but lacks the will and the political clout to make substantive reform. The top foreign policy objectives in Seychelles are to promote cooperation in the Global War on Terror, support good governance and democratic processes, and encourage economic reform and growth.

**Resources to Help Advance Transformational Diplomacy**

**Request by Objective**

(\$ in thousands)	2006 Actual	2007 Estimate	2008 Request
Peace & Security	103	*	100
<b>Total</b>	<b>103</b>	<b>*</b>	<b>100</b>

**Request by Account**

(\$ in thousands)	2006 Actual	2007 Estimate	2008 Request
International Military Education & Training	103	*	100
<b>Total</b>	<b>103</b>	<b>*</b>	<b>100</b>

**Peace and Security (\$0.1 million):** Investments in defense, military and border security restructuring, reform, and operations will help build a professional military that respects civilian rule. These courses include professional military education and training on civil-military relations, military justice and defense resources management.

**Request by Element**

(\$ in Thousands)	2006 Actual	2007 Estimate	2008 Request
<b>TOTAL</b>	103	*	100
Peace & Security	103	*	100
Stabilization Operations and Security Sector Reform	103	*	100
Defense, Military, and Border Restructuring, Reform and Operations	103	*	100

**SIERRA LEONE**  
Rebuilding

**Obstacles and Opportunities for Advancing Transformational Diplomacy**

Five years after the end of the civil war in Sierra Leone, peace has been sustained and progress is underway. A democratically elected government has been in place since 2002 and the next Presidential and Parliamentary elections are scheduled for July 2007 and local elections for spring 2008. So far, this is a post-conflict international donor success story. However, like other countries which have emerged from devastating civil wars, Sierra Leone still suffers from weak governmental institutions. Resources are not yet managed to benefit the people, but reforms are slowly unfolding through decentralization. Though many causes of the civil war remain unresolved, increasing pressure from a growingly articulate civil society is forcing the government to respond more positively. While a culture of impunity, corruption, poor governance, and widespread poverty persists, efforts to address these challenges are showing signs of improvement. The country's economic and social institutions were substantially destroyed in the course of the conflict and Sierra Leone still ranks among the poorest countries in the world, performing poorly on the indicators of human development and women's economic, political, and social empowerment.

The goals of U.S. transformational diplomacy in Sierra Leone have been to prevent the reoccurrence of conflict and rebuild political and economic institutions so that Sierra Leone can emerge as a constructive ally for peace and prosperity. The government of Sierra Leone is focusing on foreign investment as the key to generating growth and employment, revitalizing the following sectors: mining (gold, diamond, platinum, rutile, bauxite), agriculture, fisheries and tourism. As such, the United States focuses on good governance in the mining (diamond and gold) and agriculture sectors. In addition, developmental food aid will help to address food insecurity, as well as health and economic growth objectives.

Sierra Leone is one of two countries chosen for the United Nations Peace Building Commission, a new program aimed at assisting former Peace Keeping Operations countries emerging from conflict to consolidate peace and security gains and move towards development. Importantly, the International Monetary Fund and World Bank declared in late 2006 that Sierra Leone had reached the completion point for debt relief under the Heavily Indebted Poor Countries initiative, removing approximately \$994 million of external debt. As a result, external debt has been reduced from \$1.8 billion (150% of 2005 GDP) to about \$162 million (13.6% of 2005 GDP).

**Resources to Help Advance Transformational Diplomacy**

**Request by Objective**

(\$ in thousands)	2006 Actual	2007 Estimate	2008 Request
Peace & Security	311	*	550
Governing Justly & Democratically	14,577	*	1,000
Investing in People	3,118	*	6,180
Economic Growth	11,532	*	8,820
<b>Total</b>	<b>29,538</b>	*	<b>16,550</b>



### Request by Account

(\$ in thousands)	2006 Actual	2007 Estimate	2008 Request
Development Assistance	3,756	*	4,000
Economic Support Fund	13,000	*	0
International Military Education & Training	311	*	400
International Narcotics Control and Law Enforcement	0	*	150
Public Law 480 (Food Aid)	12,471**	*	12,000
<b>Total</b>	<b>29,538</b>	<b>*</b>	<b>16,550</b>

\*\*FY 2006 includes \$4.699 million of P.L. 480 Title II emergency food aid. Emergency food aid has not been allocated to countries in FY 2008

**Peace and Security (\$0.6 million):** The United States will support training and institution building to help the country professionalize its security forces and better address drug trafficking and smuggling. The threat of organized crime in Sierra Leone is increasing, and the Government of Sierra Leone possesses little capacity to combat this trend. U.S. assistance will strengthen the Sierra Leonean criminal justice system's response to criminal activity by organizing a series of capacity building training workshops for Sierra Leonean law enforcement officials on community policing, investigative techniques, and crime scene training. Funding will also sponsor Sierra Leonean law enforcement officials' travel to the United States for exposure to U.S. government interagency working groups combating crime.

**Governing Justly and Democratically (\$1.0 million):** Funding will be invested in local governance and decentralization activities, strengthening local government and civil society. Good governance and anti-corruption, diamond sector reform, at the local and national level, and some media will be included in this overarching initiative.

**Investing in People (\$6.2 million):** Key vulnerable groups, especially women and children, will be targeted in an effort to continue improving their general welfare. Funding will support the continuation of programming in maternal and child health, selective feeding, and food for recovery, as a means to rebuild and protect human and productive assets to vulnerable groups.

**Economic Growth (\$8.8 million):** Funding will support continued efforts to rebuild the agriculture sector and generate jobs. In addition, funding will support diamond and gold sector reform under the local governance and decentralization program. The U.S. will continue targeting key vulnerable groups with investments in agriculture to improve food security. Such programs will particularly target women, youth, and other marginalized groups, thereby enhancing economic growth and promoting peace and security.

### Request by Element

(\$ in Thousands)	2006 Actual	2007 Estimate	2008 Request
<b>TOTAL</b>	29,538	*	16,550
Peace & Security	311	*	550
Stabilization Operations and Security Sector Reform	311	*	400
Defense, Military, and Border Restructuring, Reform and Operations	311	*	400
Counter-Narcotics	0	*	50
Interdiction	0	*	50
Transnational Crime	0	*	100

(\$ in Thousands)	2006 Actual	2007 Estimate	2008 Request
Financial Crimes and Money Laundering	0	*	100
Governing Justly & Democratically	14,577	*	1,000
Rule of Law and Human Rights	13,000	*	0
Constitutions, Laws, and Legal Systems	13,000	*	0
Good Governance	0	*	1,000
Local Government and Decentralization	0	*	1,000
Political Competition and Consensus-Building	925	*	0
Elections and Political Processes	600	*	0
Program Support (Political Competition)	325	*	0
Civil Society	652	*	0
Media Freedom and Freedom of Information	300	*	0
Program Support (Civil Society)	352	*	0
Investing in People	3,118	*	6,180
Health	3,118	*	6,180
Maternal and Child Health	3,118	*	6,180
Economic Growth	11,532	*	8,820
Agriculture	10,127	*	7,820
Agricultural Sector Productivity	9,727	*	7,820
Program Support (Agriculture)	400	*	0
Environment	1,405	*	1,000
Natural Resources and Biodiversity	1,000	*	1,000
Program Support (Environment)	405	*	0

#### Statement of Changes

Funding for Sierra Leone has decreased from FY 2006 levels in ESF and increased in INCLE and IMET. ESF funds have been zeroed out from \$13 million, which results in a large decrease in Governing Justly and Democratically programs. The increase of \$0.15 million in INCLE funds will be used to initiate training to law enforcement officials. The increase of \$0.89 million in IMET funding will be used, in part, to address anti-corruption, institutional capacity building, and disaster preparedness within Sierra Leone uniformed services.

**SOMALIA**  
Rebuilding

**Obstacles and Opportunities for Advancing Transformational Diplomacy**

Developments in Somalia remain highly fluid. U.S. foreign policy objectives in Somalia are to eliminate the terrorist threat, promote political stability by supporting the establishment of a functioning central government, and address the humanitarian needs of the Somali people. The fragile, nascent Transitional Federal Institutions (TFIs) are only beginning to function and to control territory, while warlords and extremists continue to undermine stability. Given the absence of central institutions in Somalia for over 15 years, the rebuilding of law enforcement, judicial, health, education, business, and other institutions remains a significant challenge and priority for donor assistance. In addition, the semi-autonomous regions of Somaliland and Puntland are moving to establish systems of law and order in their respective regions. The United States, in coordination with regional and international partners, is actively engaged in encouraging a process of inclusive dialogue and reconciliation between the TFIs and key stakeholders in Somalia, including business leaders, clan elders, civil society, women's groups, and moderate Islamists, with the goal of forming an inclusive government of national unity based on the framework of the Transitional Federal Charter. Critical interventions from the United States and other donor partners are also helping to build the governance capacity of the TFIs, thereby building domestic confidence in the ability of the TFIs to provide governance services.

**Resources to Help Advance Transformational Diplomacy**

**Request by Objective**

(\$ in thousands)	2006 Actual	2007 Estimate	2008 Request
Peace & Security	400	*	2,300
Governing Justly & Democratically	4,512	*	5,700
Investing in People	3,000	*	4,300
Humanitarian Assistance	27,377	*	0
<b>Total</b>	<b>35,289</b>	*	<b>12,300</b>

**Request by Account**

(\$ in thousands)	2006 Actual	2007 Estimate	2008 Request
Child Survival and Health	0	*	1,000
Development Assistance	7,912	*	9,000
Peacekeeping Operations	0	*	2,300
Public Law 480 (Food Aid)	27,377**	*	0
<b>Total</b>	<b>35,289</b>	*	<b>12,300</b>

\*\*FY 2006 includes \$27.377 million of P.L. 480 Title II emergency food aid. In addition to \$27.377 million, Somalia received an additional \$54 million of FY 2006 supplemental funds. Emergency food aid has not been allocated to countries in FY 2008

In the FY 2007 supplemental, the Administration is requesting \$20 million from the IDFA account and \$40 million from the PKO account.

**Peace and Security (\$2.3 million):** To stabilize the security environment inside Somalia, U.S. assistance will be used to provide residual support for regional peacekeeping operations in Somalia and support security sector reform. U.S. assistance programs will help rebuild key security institutions in Somalia, including technical assistance and support for the development of

a professional, unified national army in coordination with an ongoing process of political dialogue and reconciliation. U.S. funding will also support community reconciliation and peace building efforts, including income generating opportunities that address some of the root causes of conflict and adherence to extremist ideologies.

**Governing Justly and Democratically (\$5.7 million):** U.S. assistance will support programs to rebuild governance at the national and regional level, including the regional administrations in Somaliland and Puntland. U.S. programs will provide assistance for the TFIs to help re-establish appropriate judicial, legislative and executive functions, including rebuilding the administrative capacity of local institutions that provide basic services. Funds will also be coordinated with multilateral efforts to support the ongoing political processes outlined by the Transitional Federal Charter. U.S. assistance will continue to expand support for existing and emerging civil society institutions, including independent media outlets, which are key stakeholders in Somalia.

**Investing in People (\$4.3 million):** The United States will support the delivery of critical social services, including education facilities and essential health interventions. The integrated program will provide support for essential social services directly at the school and community level. The program will assist communities to rehabilitate school facilities and improve access to primary schools. Those same communities will be assisted with an essential package of health interventions to address the common illnesses of malaria, diarrhea, and acute respiratory illness.

#### Request by Element

(\$ in Thousands)	2006 Actual	2007 Estimate	2008 Request
<b>TOTAL</b>	35,289	*	12,300
Peace & Security	400	*	2,300
Stabilization Operations and Security Sector Reform	0	*	2,300
Operations Support	0	*	2,300
Conflict Mitigation and Reconciliation	400	*	0
Peace and Reconciliation Processes	400	*	0
Governing Justly & Democratically	4,512	*	5,700
Good Governance	0	*	3,700
Public Sector Executive Function	0	*	1,700
Local Government and Decentralization	0	*	2,000
Civil Society	4,512	*	2,000
Civic Participation	4,405	*	2,000
Program Support (Civil Society)	107	*	0
Investing in People	3,000	*	4,300
Health	2,500	*	1,000
Maternal and Child Health	0	*	500
Water Supply and Sanitation	2,500	*	500
Education	500	*	3,300
Basic Education	500	*	3,300
Humanitarian Assistance	27,377	*	0
Protection, Assistance and Solutions	27,377	*	0
Crisis Assistance and Recovery	27,377	*	0

### **Statement of Changes**

The increase of funding between FY 2006 and FY 2008 to support programs in the Peace and Security objective reflects new opportunities presented to the international community to help stabilize the situation in Somalia and establish long-term security and stability through security sector reform and the development of professional security sector institutions. Similarly, the increase of funds between FY 2006 and FY 2008 in the Governing Justly and Democratically objective reflect new opportunities to reach a lasting political solution in Somalia and will help build the capacity of the TFI and support key tasks related to the transitional process outlined by the Transitional Federal Charter.

**SOUTH AFRICA**  
Sustaining Partnership

**Obstacles and Opportunities for Advancing Transformational Diplomacy**

The U.S. Government's (USG) relationship with South Africa is transforming from that of donor to one of strategic partnership. Activities in Peace and Security will continue to increase in importance while development programs will be phased out in the next couple of years. During this transition, USG assistance will be strategically targeted to assist the South African Government (SAG) in unleashing its full development potential by addressing key bottlenecks to economic growth, particularly in the small and medium-sized (SME) enterprise sector. USG assistance will address the emerging threat of multi-drug resistant (MDR) and extreme drug resistant (XDR) tuberculosis (TB) while continuing to strengthen the SAG's capacity to deliver replicable models of primary health care.

Despite 28 successive quarters of economic growth, a spectacular increase in revenue generation, and well-developed financial, legal, and transport sectors, South Africa has been unable to fully realize its developmental capacity. This is largely due to the lack of capacity across all spheres of the SAG to address social ills such as high rates of HIV/AIDS and tuberculosis, increasing rates of HIV/AIDS and TB co-infection, rampant crime, a 26% unemployment rate, and uneven access to basic services and infrastructure. Positive aspects of the country's market environment are undermined by a large unskilled and uneducated labor force, particularly among the black majority.

The greatest opportunities for USG interventions in South Africa lie in expanding partnerships with the SAG to build capacity that promotes economic growth, improves the management of TB, ensures the sustainable and integrated delivery of quality primary health care services at the local level, and addresses immediate diplomatic, military, and political-military issues. The U.S. and South African presidents have publicly committed to increased bilateral cooperation on issues of mutual concern, including economic growth, counterterrorism, nonproliferation and regional conflict resolution.

**Resources to Help Advance Transformational Diplomacy**

**Request by Objective**

(\$ in thousands)	2006 Actual	2007 Estimate	2008 Request
Peace & Security	983	*	2,200
Governing Justly & Democratically	6,560	*	100
Investing in People	205,882	*	595,000
Economic Growth	10,780	*	11,700
<b>Total</b>	<b>224,205</b>	<b>*</b>	<b>609,000</b>

**Request by Account**

(\$ in thousands)	2006 Actual	2007 Estimate	2008 Request
Child Survival and Health	5,070	*	3,500
Development Assistance	25,662	*	3,000
Economic Support Fund	1,287	*	10,000
Foreign Military Financing	0	*	100
Global HIV/AIDS Initiative	191,553	*	591,500

(\$ in thousands)	2006 Actual	2007 Estimate	2008 Request
International Military Education & Training	0	*	900
International Narcotics Control and Law Enforcement	594	*	0
Nonproliferation, Antiterrorism & Demining	39	*	0
<b>Total</b>	<b>224,205</b>	*	<b>609,000</b>
Peace Corps	3382	*	3028

**Peace and Security (\$2.2 million):** Because South Africa is a strategic partner for the USG and plays such a major economic and political role on the continent, USG programs will further enhance South African capacity to play a constructive role in addressing regional challenges. USG programs will augment military capacity and improve the overall readiness of the South African military to respond to regional conflict. Professional training and education for the military will improve capacity for regional peacekeeping and peace enforcement missions on the African continent. USG assistance to South Africa will also promote stabilization operations, combat transnational crime, and help to build the capacity of the SAG to implement regional peace and reconciliation activities on the African continent. Pending resolution of Article 98 concerns, the USG will use FMF and IMET funds to enhance the SAG's strategic airlift, medical readiness, disaster response, and peacekeeping capabilities. USG programs will also aid in reducing trafficking-in-persons and migrant smuggling.

**Governing Justly and Democratically (\$0.1 million):** USG assistance will promote political pluralism and consensus-building by focusing on elections and political processes. Using ESF, the program will broaden participation in the democratic process as South Africa prepares for pivotal presidential elections in 2009. The USG will support outreach to groups such as women voters and voters in rural areas using techniques such as community radio.

**Investing in People (\$595.0 million):** South Africa has one of the highest estimated TB infection rates in the world, ranking 5th on the World Health Organization list of 22 high-burden countries. TB is the leading cause of death in HIV-infected individuals (estimated to be 5.6 million, second only to India), and HIV is the propellant fueling the TB epidemic. The emergence of MDR and XDR TB is a threat to public health and requires immediate action. Despite making tremendous strides in creating a single unified public health system and improving access to services, the historical inequities in health status of South Africans remain a challenge, as do the issues of quality and sustainability of health services at the local level. As requested by the SAG, the USG primary healthcare and TB programs target systems-strengthening rather than direct service delivery. Using Child Survival and Health funds, the USG, in collaboration with the World Health Organization and national authorities, will assist in increasing TB cure rates and improve the SAG's capacity to plan and rapidly implement its Directly Observed Treatment Support program. USG support will also strengthen the delivery of primary health care services, including family planning, and provide an integrated package of maternal and child health services.

**Linkages with the President's Plan for AIDS Relief (PEPFAR):** South Africa, a PEPFAR focus country, will receive significant support for bilateral HIV/AIDS programs in FY 2008. These funds will be used, under the leadership of the host country government, to scale up integrated prevention, care and treatment programs throughout the country. PEPFAR support is invested in partnerships to help the nation build its capacity for a sustainable response. South Africa will also receive PEPFAR resources for HIV/AIDS outside of the Foreign Operations appropriations.

**Economic Growth (\$11.7 million):** Economic growth is essential to South Africa's struggle to redress economic inequality. The backbone of South Africa's approach to creating jobs is stimulating the productivity and competitiveness of SMEs. USG programs will accordingly strengthen the ability of SMEs to reliably meet domestic market-driven requirements with the intent that they will enter the export market as suppliers to larger exporting firms. Programs will also increase market opportunities for U.S. businesses in South Africa and broaden success under the African Growth and Opportunity Act, in support of the Presidential African Global Competitiveness Initiative. USG programs will leverage resources from commercial banks and other sources to meet these objectives. USG assistance will use Economic Support Funds (ESF) and Development Assistance funding (DA) to promote private sector competitiveness, advance private sector productivity, expand financial services, and strengthen the financial and business sector through the establishment of national regulatory entities.

### Request by Element

(\$ in Thousands)	2006 Actual	2007 Estimate	2008 Request
<b>TOTAL</b>	224,205	*	609,000
Peace & Security	983	*	2,200
Counter-Terrorism	39	*	0
Governments' Capabilities	39	*	0
Stabilization Operations and Security Sector Reform	0	*	1,000
Defense, Military, and Border Restructuring, Reform and Operations	0	*	1,000
Transnational Crime	944	*	200
Financial Crimes and Money Laundering	194	*	0
Trafficking-in-Persons and Migrant Smuggling	311	*	188
Program Support (Crime)	439	*	12
Conflict Mitigation and Reconciliation	0	*	1,000
Peace and Reconciliation Processes	0	*	939
Program Support (Conflict)	0	*	61
Governing Justly & Democratically	6,560	*	100
Rule of Law and Human Rights	1,287	*	0
Justice System	1,145	*	0
Program Support (Rule of Law)	142	*	0
Good Governance	5,273	*	0
Local Government and Decentralization	3,801	*	0
Anti-Corruption Reforms	889	*	0
Program Support (Governance)	583	*	0
Political Competition and Consensus-Building	0	*	100
Elections and Political Processes	0	*	100
Investing in People	205,882	*	595,000
Health	197,373	*	595,000
HIV/AIDS	191,553	*	591,500
Tuberculosis	1,977	*	2,000
Avian Influenza	165	*	0
Maternal and Child Health	1,615	*	500
Family Planning and Reproductive Health	1,313	*	1,000
Water Supply and Sanitation	750	*	0
Education	7,909	*	0
Basic Education	7,909	*	0
Social and Economic Services and Protection for Vulnerable Populations	600	*	0
Social Services	600	*	0



(\$ in Thousands)	2006 Actual	2007 Estimate	2008 Request
Economic Growth	10,780	*	11,700
Financial Sector	1,000	*	2,800
Financial Sector Enabling Environment	279	*	300
Financial Services	650	*	2,313
Program Support (Financial Sector)	71	*	187
Infrastructure	750	*	0
Modern Energy Services	667	*	0
Program Support (Infrastructure)	83	*	0
Agriculture	2,850	*	0
Agricultural Sector Productivity	2,648	*	0
Program Support (Agriculture)	202	*	0
Private Sector Competitiveness	5,180	*	8,900
Business Enabling Environment	465	*	500
Private Sector Productivity	2,954	*	6,597
Workforce Development	1,264	*	1,200
Program Support (Private Sector)	497	*	603
Environment	1,000	*	0
Clean Productive Environment	889	*	0
Program Support (Environment)	111	*	0

#### Statement of Changes

In FY 2008 and beyond, the USG will bolster military-to-military training relationships and support South Africa's leadership in the region. The USG will continue to support economic growth programs using ESF with a focus on private sector productivity and financial services, particularly as these relate to SMEs. Partnerships will be encouraged in areas of mutual interest including trade, investment, and resource management, in line with the transformational diplomacy objective of "sustaining partnership." Programs that will be phased out in FY 2008 include: local government and decentralization; anti-corruption; agriculture; water and sanitation; clean productive environment; modern energy services; basic education; justice; and counterterrorism. Substantial increases in funding for HIV/AIDS from the GHAI account will be used to expand HIV/AIDS prevention, care, and treatment programs.

**SUDAN**  
Rebuilding

**Obstacles and Opportunities for Advancing Transformational Diplomacy**

The major obstacles to the development of Sudan are the devastation wrought by the 22-year North-South civil war which left over two million dead and more than four million Sudanese displaced, the ongoing violence and atrocities in Darfur, and the fragility of the political situation in the East. The signing of the Comprehensive Peace Agreement (CPA) in January 2005 and the Darfur Peace Agreement (DPA) in May 2006 present the United States a unique opportunity to promote a just, viable political settlement to the conflicts in a unified Sudan. However, the continuing violence in Darfur poses a serious challenge to the fragile peace accords, making it difficult to focus sufficient attention on the massive recovery needs in the South, and on North-South cooperation. In addition to the ongoing need for intensive diplomatic engagement that will continue to be required, the successful implementation of these agreements hinges upon the coordinated and timely roll-out of substantial assistance and recovery programs focused on reducing the drivers of conflict. Priorities for U.S. assistance are: ending the violence and atrocities in Darfur; facilitating implementation of the CPA and the DPA; promoting the Government's sharing of power and wealth; and providing life-saving humanitarian assistance to Sudan's people. The U.S. integrated approach supports the implementation of the CPA and DPA by fostering the conditions for restored stability, providing tangible benefits of peace for displaced and returning communities, and improving governance.

Funding for FY 2008 is based on the assumption that the DPA will eventually hold and the CPA will continue to be implemented. It is projected that internally displaced persons (IDPs) and refugees will continue to return to the South and will begin returning to Darfur in FY 2007. In FY 2008 it is anticipated that reconstruction will continue in southern Sudan and begin in Darfur. It is also anticipated that similar levels of assistance by other bilateral/multilateral agencies will continue in Darfur as well as the South, much of which will focus on areas complementary to U.S. efforts. U.S. assistance levels are also predicated on the assumption that many of the sanctions on Sudan will continue to be in place.

**Resources to Help Advance Transformational Diplomacy**

**Request by Objective**

(\$ in thousands)	2006 Actual	2007 Estimate	2008 Request
Peace & Security	98,719	*	91,170
Governing Justly & Democratically	37,629	*	84,562
Investing in People	29,700	*	39,550
Economic Growth	70,027	*	105,068
Humanitarian Assistance	262,698	*	358,850
<b>Total</b>	<b>498,773</b>	<b>*</b>	<b>679,200</b>

## Request by Account

(\$ in thousands)	2006 Actual	2007 Estimate	2008 Request
Child Survival and Health	19,000	*	0
Development Assistance	70,000	*	0
Economic Support Fund	19,800	*	245,900
Foreign Military Financing	0	*	100
International Disaster and Famine Assistance	164,990	*	113,500
International Military Education & Training	0	*	300
International Narcotics Control and Law Enforcement	0	*	24,000
Nonproliferation, Antiterrorism & Demining	3,020	*	4,000
Peacekeeping Operations	70,000	*	41,400
Public Law 480 (Food Aid)	145,208**	*	245,000
Transition Initiatives	6,755	*	5,000
<b>Total</b>	<b>498,773</b>	<b>*</b>	<b>679,200</b>

\*\*FY 2006 includes \$145.208 million of P.L. 480 Title II emergency food aid. In addition to \$145.208 million, Sudan received an additional \$225 million of FY 2006 supplemental funds. Emergency food aid has not been allocated to countries in FY 2008

In addition to receiving FY 2006 supplemental funds from the P.L. 480 account, Sudan also received supplemental funds in the amount of \$66.3 million from the IDFA account and \$116 million from the PKO account. In FY 2007, the Administration is requesting supplemental funding for Sudan: \$40 million from the IDFA account; \$150 million from the PKO account; and an additional \$150 million from the P.L. 480 account.

**Peace and Security (\$91.2 million):** In light of ongoing violence in Darfur, the United States will maintain its multilateral commitments to the United Nations Mission in Sudan by providing U.S. law enforcement and support services in the South and Darfur. In addition to its significant peacekeeping contributions, U.S. assistance will support local level conflict mitigation, disarmament, demobilization, and reintegration efforts, as well as the integration of the forces in the South and Darfur. To this end, the United States will continue to work with the Government of National Unity and the regional Government of Southern Sudan, and the political parties to implement the CPA and to ensure that militia integration and disarmament demobilization and reintegration proceeds on schedule. Successful integration of the forces of two former enemies--the Government of Sudan and the Sudan People's Liberation Army (SLPA)--and proper downsizing and transformation of the SPLA are vital aspects of ensuring the long term stability of southern Sudan. Training and infrastructure development for the police, justice, and corrections systems will also add to long term security in Sudan, in part by combating impunity for violence against vulnerable groups such as women and girls.

**Governing Justly and Democratically (\$84.6 million):** A large part of U.S. assistance in this area will help build basic democratic institutions, train political parties, organize a census agency and prepare for national elections - all key elements of a vibrant democracy and transformation in Sudan. The United States will support improved governance of key public sector functions which will have major new responsibilities for management of wealth and power sharing under the CPA. Assistance will also support a functioning justice system that respects the rule of law and human rights, helping to bolster the government's legitimacy and increase the Sudanese people's confidence in the government's ability to protect their rights and interests.

**Investing in People (\$39.6 million):** As the United States begins to shift the balance from humanitarian to reconstruction and development assistance, the majority of support in this area will focus on increasing access to basic education and primary health care in urban and rural

areas. The U.S. emphasizes investment in essential services and community infrastructure in order to encourage and sustain the return of IDPs and refugees, rebuild local communities, and reduce tensions.

Linkages with the President's Plan for AIDS Relief (PEPFAR): Sudan will receive significant support for bilateral HIV/AIDS programs in FY 2008, with programmatic emphasis on a range of interventions related to care, treatment, and prevention.

**Economic Growth (\$105.1 million):** The CPA and DPA provide for wealth sharing to ensure regions in the periphery are accorded revenue from the central government. A critical aspect of the success of these agreements and Sudan's long-term economic growth will be rehabilitation of critical infrastructure. Accordingly, improving roads and transport services, as well as water and sanitation services, will be the major focus of U.S. assistance in the economic growth area. Improving food security, increasing agricultural productivity and supporting livelihoods will be the other main focal point for U.S. assistance in reviving the Sudanese economy. Assistance will also be provided to support private sector productivity, micro-enterprise and financial sector development.

**Humanitarian Assistance (\$358.9 million):** Although Sudan should be shifting to a reconstruction phase by FY 2008, humanitarian assistance needs will likely remain high. Meeting humanitarian needs in Sudan will, therefore, continue to be a top priority and will be reassessed on an ongoing basis. Support will continue to be needed for IDPs and other vulnerable populations and to bolster livelihoods for returnees and other conflict-affected populations. Food aid is expected to be a significant and critical component of this assistance.

#### Request by Element

(\$ in Thousands)	2006 Actual	2007 Estimate	2008 Request
<b>TOTAL</b>	498,773	*	679,200
Peace & Security	98,719	*	91,170
Stabilization Operations and Security Sector Reform	75,520	*	69,130
Operations Support	70,000	*	0
Destruction and Security of Conventional Weapons	0	*	600
Explosive Remnants of War (ERW)	3,020	*	3,400
Immediate Protection of Civilians in Conflict	0	*	1,000
Defense, Military, and Border Restructuring, Reform and Operations	0	*	41,800
Law Enforcement Restructuring, Reform and Operations	2,500	*	22,150
Program Support (Stabilization)	0	*	180
Conflict Mitigation and Reconciliation	23,199	*	22,040
Conflict Mitigation	12,789	*	12,500
Peace and Reconciliation Processes	5,022	*	6,100
Preventive Diplomacy	4,750	*	3,000
Program Support (Conflict)	638	*	440
Governing Justly & Democratically	37,629	*	84,562
Rule of Law and Human Rights	0	*	1,850
Justice System	0	*	1,850
Good Governance	12,361	*	12,810
Public Sector Executive Function	9,051	*	7,100
Local Government and Decentralization	3,043	*	750
Anti-Corruption Reforms	0	*	4,000
Program Support (Governance)	267	*	960

(\$ in Thousands)	2006 Actual	2007 Estimate	2008 Request
Political Competition and Consensus-Building	12,361	*	50,824
Consensus-Building Processes	5,569	*	5,500
Elections and Political Processes	0	*	28,000
Political Parties	6,700	*	16,494
Program Support (Political Competition)	92	*	830
Civil Society	12,907	*	19,078
Civic Participation	4,600	*	9,338
Media Freedom and Freedom of Information	8,103	*	9,400
Program Support (Civil Society)	204	*	340
Investing in People	29,700	*	39,550
Health	17,600	*	23,300
HIV/AIDS	2,328	*	6,000
Tuberculosis	500	*	500
Malaria	1,972	*	2,500
Other Public Health Threats	800	*	3,570
Maternal and Child Health	10,809	*	5,830
Family Planning and Reproductive Health	1,191	*	700
Water Supply and Sanitation	0	*	4,200
Education	8,700	*	16,250
Basic Education	8,700	*	16,250
Social and Economic Services and Protection for Vulnerable Populations	3,400	*	0
Social Services	3,400	*	0
Economic Growth	70,027	*	105,068
Macroeconomic Foundation for Growth	4,000	*	0
Monetary policy	4,000	*	0
Infrastructure	44,848	*	81,640
Modern Energy Services	1,400	*	2,000
Transport Services	36,664	*	77,970
Program Support (Infrastructure)	6,784	*	1,670
Agriculture	9,799	*	17,128
Agricultural Enabling Environment	6,500	*	6,000
Agricultural Sector Productivity	2,334	*	9,600
Program Support (Agriculture)	965	*	1,528
Private Sector Competitiveness	5,945	*	3,500
Business Enabling Environment	2,352	*	0
Private Sector Productivity	2,700	*	3,000
Program Support (Private Sector)	893	*	500
Economic Opportunity	2,750	*	0
Inclusive Financial Markets	2,450	*	0
Program Support (Econ Opportunity)	300	*	0
Environment	2,685	*	2,800
Natural Resources and Biodiversity	700	*	2,600
Clean Productive Environment	1,400	*	0
Program Support (Environment)	585	*	200
Humanitarian Assistance	262,698	*	358,850
Protection, Assistance and Solutions	262,698	*	358,850
Crisis Assistance and Recovery	262,698	*	358,500
Program Support (Protection)	0	*	350

### **Statement of Changes**

In FY 2006, the U.S. focused the majority of resources on responding to the enormous humanitarian needs throughout Sudan. In FY 2008, it is expected that the DPA and CPA will both be in the process of being actively implemented requiring lower levels of humanitarian assistance. As part of a broader U.S. approach to shift funding from DA and CSH to ESF supported programs in Rebuilding countries, Sudan will use increased levels of ESF to strengthen the Government of Southern Sudan and support the implementation of the CPA and DPA. A sharp decline in PKO funds in 2008 is due to the expected transition from an African Union peacekeeping force to a United Nations peacekeeping force in Darfur. U.S. contributions to the United Nations force will be met through assessed dues to the United Nations, which is not reflected in this request.

**SWAZILAND**  
Developing

**Obstacles and Opportunities for Advancing Transformational Diplomacy**

Swaziland is governed by a ruling monarchy, supported by a small elite who reinforce the traditional culture which gives them a privileged position, and which is accepted unquestioningly by the majority of Swazis. The country's recently ratified constitution, the first in over 30 years, basically confirms the powers which the king previously exercised by decree, and does not adequately provide for separation of powers. Corruption siphons government funds which should be invested in health and education. Swaziland's HIV/AIDS prevalence rate is 39.2%, among the highest in the world. The pandemic devastates communities and has orphaned an estimated 70,000 children (out of a population of about 1.1 million). The majority of the population engages in subsistence agriculture, hindered by years-long drought conditions in much of the country.

On the positive side, Swaziland is a peaceful country, open to humanitarian and development aid and eager for foreign direct investment. Outside pressure over several years led Swaziland to conform to most internationally recognized labor rights. The government welcomes USG-funded HIV/AIDS programs but lacks the capacity to offer much support to them.

Swaziland maintains a good relationship with the United States, as well as with its neighbors, on matters of regional stability and cooperation. The Umbutfo Swaziland Defense Force (USDF), created in 1973, is a small, disciplined force of about 3,900 men and women. The USDF's main activities are border security, HIV/AIDS activities among its own ranks, internal security, and duties having to do with the Royal Family. Recently, the USDF has been assuming more internal security responsibilities. Given the governance and political climate, the increased use of the USDF in this capacity has negative implications for the United States' interests in good governance, rule of law, and civilian control of an apolitical, professional military.

**Resources to Help Advance Transformational Diplomacy**

**Request by Objective**

(\$ in thousands)	2006 Actual	2007 Estimate	2008 Request
Peace & Security	123	*	100
Investing in People	0	*	7,500
<b>Total</b>	<b>123</b>	<b>*</b>	<b>7,600</b>

**Request by Account**

(\$ in thousands)	2006 Actual	2007 Estimate	2008 Request
Child Survival and Health	0	*	7,500
International Military Education & Training	123	*	100
<b>Total</b>	<b>123</b>	<b>*</b>	<b>7,600</b>
Peace Corps	1882	*	1433

**Peace and Security (\$0.1 million):** FY 2008 International Military Education and Training (IMET) resources will fund military assistance programs that promote a higher degree of professionalism in the Swazi Defense forces through education on the role of the military in a

democracy. IMET funds will also be used to train the Umbutfo Swaziland Defense Force to be an apolitical, professional force respectful of human rights, capable of participating in regional peacekeeping.

**Investing in People (\$7.5 million):** Having the highest HIV prevalence rate in the world at nearly 40%, Swaziland is experiencing devastating economic and social impacts related to HIV/AIDS. Targeted U.S. assistance in Swaziland, through funding from the President's Emergency Plan for AIDS Relief, is directed at programming HIV/AIDS services in prevention and behavior change, counselling and testing, palliative care, HIV/Tuberculosis integration, and AIDS treatment services. U.S. assistance will also support capacity building for local non-governmental, community and faith-based organizations, develop and strengthen human capacity development (HCD) approaches to address the severe crisis in the strained workforce of skilled providers of HIV/AIDS services, and assist in the planning, coordination and implementation of sub-recipients receiving Global Fund grants. To assist the Government of the Kingdom of Swaziland in promoting a more effective response to the HIV/AIDS epidemic, the USG will provide technical assistance to ensure quality of HIV/AIDS strategies through increased targeted advocacy, policy development, systems strengthening, capacity building, and the strengthening of civil society for sustainable community responses to the HIV epidemic.

Linkages with the President's Plan for AIDS Relief (PEPFAR): Swaziland will receive significant support for bilateral HIV/AIDS programs in FY 2008, with programmatic emphasis on a range of interventions related to care, treatment, and prevention. Swaziland will also receive PEPFAR resources for HIV/AIDS outside of the Foreign Operations appropriations.

#### Request by Element

(\$ in Thousands)	2006 Actual	2007 Estimate	2008 Request
<b>TOTAL</b>	123	*	7,600
Peace & Security	123	*	100
Stabilization Operations and Security Sector Reform	123	*	100
Defense, Military, and Border Restructuring, Reform and Operations	123	*	100
Investing in People	0	*	7,500
Health	0	*	7,500
HIV/AIDS	0	*	7,500

#### Statement of Changes

In FY 2006, CSH and GHAI funds were routed through the Regional HIV/AIDS Program in Pretoria, South Africa. In FY 2008, these significantly increased HIV/AIDS funds will go directly to Swaziland.



**TANZANIA**  
Transforming

**Obstacles and Opportunities for Advancing Transformational Diplomacy**

With an average GDP per capita of \$300 in 2004, Tanzania is one of the world's poorest countries and is heavily dependent on foreign aid. The quality of, and access to, education, health capacity and delivery of services, infant mortality and maternal morbidity, are major challenges to development in Tanzania. Tanzania's long and poorly controlled border also poses a serious threat in terms of security and transnational crime. Nonetheless, Tanzania is an admirable example of economic reform and political stability on the African continent. A real GDP growth rate of 6.9% in 2005 and successful 2005 elections considered to have been generally free and fair contribute to this picture. Based on its overall policy performance, Tanzania became a Millennium Challenge Corporation (MCC)-eligible country in FY 2006. In addition, Tanzania has signaled strongly that it would like closer U.S.-Tanzanian military relations and to begin participation in peace-keeping operations. Marring the otherwise impressive political landscape, however, is the fragile political situation on the Island of Zanzibar. The two dominant political parties are highly polarized and volatile, while major reconciliation efforts remain yet to be seen.

**Resources to Help Advance Transformational Diplomacy**

**Request by Objective**

(\$ in thousands)	2006 Actual	2007 Estimate	2008 Request
Peace & Security	2,701	*	900
Governing Justly & Democratically	1,414	*	1,074
Investing in People	127,387	*	333,465
Economic Growth	6,082	*	6,111
Humanitarian Assistance	13,711	*	0
<b>Total</b>	<b>151,295</b>	<b>*</b>	<b>341,550</b>

**Request by Account**

(\$ in thousands)	2006 Actual	2007 Estimate	2008 Request
Child Survival and Health	21,954	*	22,100
Development Assistance	12,617	*	12,950
Economic Support Fund	0	*	3,600
Global HIV/AIDS Initiative	100,312	*	302,000
International Military Education & Training	0	*	300
International Narcotics Control and Law Enforcement	0	*	450
Nonproliferation, Antiterrorism & Demining	2,701	*	150
Public Law 480 (Food Aid)	13,711**	*	0
<b>Total</b>	<b>151,295</b>	<b>*</b>	<b>341,550</b>
Peace Corps	2718	*	2753

\*\*FY 2006 includes \$13.711 million of P.L. 480 Title II emergency food aid. Emergency food aid has not been allocated to countries in FY 2008

**Peace and Security (\$0.9 million):** As the only major donor funding Tanzania's security sector, the United States will provide vital technical assistance for badly needed security sector reform, including internal controls against police corruption, professional development opportunities for the police force, and forensic capabilities to increase successful prosecutions. U.S. counterterrorism assistance will focus on supporting the Tanzanian government's desire to

establish its own Counterterrorism (CT) Center. The center will also train Tanzania's law enforcement on port and harbor security, upgrade Tanzania's border management system, and strengthen crisis response capacity. As U.S.-Tanzanian military-to-military relations expand, the United States will provide a wider range of assistance toward stabilization operations, including coastal security training and assistance to counter illicit trafficking in conventional weapons.

**Governing Justly and Democratically (\$1.01 million):** U.S. assistance can best help build democracy in Tanzania by supporting efforts to strengthen political transparency and accountability. U.S. assistance will fund programs to work primarily with civic groups, parliamentarians and politicians.

**Investing in People (\$333.5 million):** At 5.7 births per woman, Tanzania has one of the highest fertility rates in Africa as well as one of the highest rates of maternal mortality (578 per 100,000 live births). These factors dilute the impact of strong economic growth, making growth and poverty reduction difficult, which could elevate the country's vulnerability to civil strife. Malaria is the number one killer of children. U.S. assistance will dramatically improve malaria prevention and treatment, especially for pregnant women and children. U.S. assistance will also provide resources to address the high fertility rate that is contributing to maternal mortality and undercutting the positive impact of recent economic growth. Cost-effective survival interventions such as Vitamin A supplementation will be supported nationwide. Only 7% of Tanzanians attend secondary school, and only two in five girls complete primary school. U.S. assistance will support basic education in Tanzania, especially for girls. A principal objective is increased training of English, math and science teachers, and equipping schools, particularly on Zanzibar, with math and science equipment/textbooks and training aids for both primary and secondary levels. Education activities also support the goals of the East African Counterterrorism Initiative on Zanzibar and in Southern Tanzania.

**Linkage with the President's Malaria Initiative (PMI):** In FY 2008, Tanzania will expand efforts to scale up proven preventive and treatment interventions toward achievement of 85% coverage among vulnerable groups to support the PMI goal of reducing malaria-related morbidity by 50%. These proven interventions include artemisinin-based combination therapies for the treatment of malaria; a combination of insecticide-treated mosquito nets and indoor residual spraying to prevent malaria; and intermittent preventive treatment to address the impact of malaria in pregnancy.

**Linkages with the President's Plan for AIDS Relief (PEPFAR):** Tanzania, a PEPFAR focus country, will receive significant support for bilateral HIV/AIDS programs in FY 2008. These funds will be used, under the leadership of the host country government, to scale up integrated prevention, care and treatment programs throughout the country. PEPFAR support is invested in partnerships to help the nation build its capacity for a sustainable response. Tanzania will also receive PEPFAR resources for HIV/AIDS outside of the Foreign Operations appropriations.

**Economic Growth (\$6.1 million):** U.S. economic growth assistance will focus on increasing Tanzania's export of agricultural cash crops, focusing on strengthening the investment climate, encouraging privatization, and increasing agricultural productivity to raise incomes and reduce poverty. Given the importance of tourism, growth of the Tanzanian economy relies heavily on conservation of its parks and oceans. Assistance will support improved natural resources management and preservation of biodiversity. The United States is the only donor working with the parliament on legislation to address environmental degradation. Promotion of alternative cooking fuels is urgently needed to keep the environment from being irreversibly damaged. A similar problem exists along the coastline, where over-fishing is taking a heavy toll. The United

States will work with the Jane Goodall Institute, African Wildlife Foundation and World Wildlife Fund to assist villagers living around Tanzania's game parks to have a better understanding of environmental balance.

### Request by Element

(\$ in Thousands)	2006 Actual	2007 Estimate	2008 Request
<b>TOTAL</b>	151,295	*	341,550
Peace & Security	2,701	*	900
Counter-Terrorism	2,701	*	150
Deny Terrorist Sponsorship, Support and Sanctuary	0	*	150
Governments' Capabilities	2,701	*	0
Stabilization Operations and Security Sector Reform	0	*	750
Defense, Military, and Border Restructuring, Reform and Operations	0	*	300
Law Enforcement Restructuring, Reform and Operations	0	*	450
Governing Justly & Democratically	1,414	*	1,074
Good Governance	1,245	*	810
Legislative Function and Processes	395	*	310
Anti-Corruption Reforms	637	*	298
Program Support (Governance)	213	*	202
Civil Society	169	*	264
Civic Participation	169	*	215
Program Support (Civil Society)	0	*	49
Investing in People	127,387	*	333,465
Health	122,266	*	324,100
HIV/AIDS	100,312	*	302,000
Tuberculosis	417	*	1,500
Malaria	11,500	*	11,500
Other Public Health Threats	791	*	0
Maternal and Child Health	3,312	*	4,500
Family Planning and Reproductive Health	5,934	*	4,600
Education	5,121	*	9,365
Basic Education	5,121	*	9,365
Economic Growth	6,082	*	6,111
Trade and Investment	860	*	0
Trade and Investment Capacity	810	*	0
Program Support (Trade)	50	*	0
Agriculture	1,289	*	2,111
Agricultural Enabling Environment	429	*	811
Agricultural Sector Productivity	810	*	1,200
Program Support (Agriculture)	50	*	100
Environment	3,933	*	4,000
Natural Resources and Biodiversity	3,463	*	3,525
Program Support (Environment)	470	*	475
Humanitarian Assistance	13,711	*	0
Protection, Assistance and Solutions	13,711	*	0
Crisis Assistance and Recovery	13,711	*	0

### **Linkages with the Millennium Challenge Corporation (MCC)**

Tanzania was selected as an MCC-eligible country in November 2005. On May 24, 2006, the Government of Tanzania and the MCC signed a threshold country program for \$11.2 million. The program is designed to enhance local capacities to fight corruption, strengthen the rule of law, improve governance, and increase oversight of public procurement. Tanzania has developed a compact proposal expected to focus on poverty reduction through sustained economic growth as the core objective. A compact agreement may be agreed to and take effect during FY 2008.

### **Statement of Changes**

Among program elements, there have been increases in Basic Education, Maternal and Child Health, and Tuberculosis and trade-off decreases in Family Planning and Reproductive Health, Government's Capabilities, and Trade and Investment Capacity. It is important to focus the USG program in Tanzania on the major development challenges in the country; as such, a strategic decision to focus on health, education, and natural resource management was made. The education program budget figures show an increase from \$5.1 million in FY 2006 to \$9.4 million in FY 2008, reflecting the priority we place on this program element. Significant increases in HIV/AIDS funding through the GHAI account will provide increased HIV/AIDS prevention, care, and treatment services to the people of Tanzania.

**TOGO**  
Developing

**Obstacles and Opportunities for Advancing Transformational Diplomacy**

Since the 1990s, most bilateral and multilateral aid to Togo has been cut off because of the country's halting transition to democracy, poor human rights record, and failure to service its external debt. Togo is still suffering the after effects of the February 2005 death of President Eyadema, who led Africa's first military coup d'etat, and of nearly 40 years of his misrule. The Government of Togo now seeks to convince the international community that it is on the path to political and economic reform and has taken a number of steps to engage its domestic opponents and begin the reform process.

**Resources to Help Advance Transformational Diplomacy**

**Request by Objective**

(\$ in thousands)	2006 Actual	2007 Estimate	2008 Request
Peace & Security	69	*	100
Governing Justly & Democratically	0	*	120
<b>Total</b>	<b>69</b>	<b>*</b>	<b>220</b>

**Request by Account**

(\$ in thousands)	2006 Actual	2007 Estimate	2008 Request
Development Assistance	0	*	120
International Military Education & Training	37	*	100
Nonproliferation, Antiterrorism & Demining	32	*	0
<b>Total</b>	<b>69</b>	<b>*</b>	<b>220</b>
Peace Corps	2687	*	2675

**Peace and Security (\$0.1 million):** Togo's success at democratization rests on the military's acquiescence during this process and the reformulation of the military's role. Funding will be used to professionalize the military, which includes programs to educate civilian and military officials about respect for human rights, rule of law, and appropriate civilian-military relations in a democracy.

**Governing Justly and Democratically (\$0.1 million):** The assistance program will focus on modernizing the judiciary. This funding will complement the efforts of other donors within the framework of a comprehensive judicial reform program to strengthen the judiciary and reinforce the rule of law.

**Request by Element**

(\$ in Thousands)	2006 Actual	2007 Estimate	2008 Request
<b>TOTAL</b>	69	*	220
Peace & Security	69	*	100
Stabilization Operations and Security Sector Reform	69	*	100
Defense, Military, and Border Restructuring, Reform and Operations	69	*	100
Governing Justly & Democratically	0	*	120
Rule of Law and Human Rights	0	*	120
Justice System	0	*	120

**UGANDA**  
Developing

**Obstacles and Opportunities for Advancing Transformational Diplomacy**

The biggest obstacle to Uganda's advancement is the armed insurgency of the Lord's Resistance Army (LRA), resulting in the displacement of millions of northern Ugandans. Uganda returned to a multi-party political system after 20 years of "no-party" rule and faces many additional challenges in rolling-out the new multi-party political system at all levels. Other challenges include corruption, which limits further expansion of foreign direct investment, continued high rates of population growth (third highest in the world at 3%), low quality of education, and the continued effects of HIV/AIDS, malaria and other preventable and infectious diseases.

President Museveni has proved to be a true working partner and a stalwart supporter of the United States and the United Nations. Building upon this strong partnership, US assistance programs in all objectives have achieved notable progress, and it is expected that they will continue to do so.

**Resources to Help Advance Transformational Diplomacy**

**Request by Objective**

(\$ in thousands)	2006 Actual	2007 Estimate	2008 Request
Peace & Security	2,030	*	4,750
Governing Justly & Democratically	2,378	*	4,100
Investing in People	197,435	*	292,750
Economic Growth	42,561	*	27,650
<b>Total</b>	<b>244,404</b>	<b>*</b>	<b>329,250</b>

**Request by Account**

(\$ in thousands)	2006 Actual	2007 Estimate	2008 Request
Child Survival and Health	20,648	*	20,900
Development Assistance	23,414	*	29,500
Global HIV/AIDS Initiative	145,000	*	255,000
International Military Education & Training	340	*	500
International Narcotics Control and Law Enforcement	0	*	350
Nonproliferation, Antiterrorism & Demining	140	*	0
Public Law 480 (Food Aid)	54,862**	*	23,000
<b>Total</b>	<b>244,404</b>	<b>*</b>	<b>329,250</b>
Peace Corps	1828	*	1849

\*\*FY 2006 includes \$41.203 million of P.L. 480 Title II emergency food aid. Emergency food aid has not been allocated to countries in FY 2008

**Peace and Security (\$4.8 million):** As northern Uganda transitions from a conflict emergency, increasing support will need to be provided to reintegrate ex-combatants and advance national reconciliation. In cooperation with the Ugandan police, U.S. assistance will: 1) develop forensic laboratory capabilities to enhance criminal investigations and prosecutions; 2) support community policing in northern Uganda; and 3) assist in reducing the illicit trafficking in conventional weapons. Funds will also be used to continue to restore professionalism in Uganda's downsized military. The U.S. will also support the Government's ongoing efforts to stem trafficking in persons and migrant smuggling. Due to Uganda's strategic location and porous borders, additional funds will be provided to deny terrorist sponsorship and sanctuary.

**Governing Justly and Democratically (\$4.1 million):** As Uganda returns to a multi-party political system, the U.S. will support increased participation in democratic processes through strengthening democratic representation and civil society, while increasing public awareness of multi-party democracy; and improved peaceful political competition. The U.S. will also help prepare for the upcoming 2011 elections.

**Investing in People (\$292.8 million):** U.S. investment in family planning programs will help slow one of the highest population growth rates in the world (3.3%), with an average of seven children per woman.

With over 220,000 under-five deaths occurring in Uganda each year, the majority due to preventable diseases and malnutrition, maternal child health (MCH) improvements will also have a significant impact on all levels of development.. The U.S. will combat tuberculosis, promote positive nutritional practices, and provide supplementary feeding for malnourished youth and support orphans and vulnerable children.

U.S. assistance under the Africa Education Initiative will support head teacher training and curriculum reform at the post-primary level. The United States also plans to continue supporting Universal Primary Education in Uganda, and to enhance the quality of primary education. .

Linkage with the President's Malaria Initiative: The U.S. will expand efforts to scale up proven preventive and treatment interventions toward achievement of 85% coverage among vulnerable groups to support the PMI goal of reducing malaria-related morbidity by 50%.

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

**Economic Growth (\$27.7 million):** To alleviate widespread poverty and expand economic growth efforts to northern Uganda, the U.S. will focus on improving agriculture, water and sanitation The U.S. will protect bio-diversity, including the environmentally threatened Albertine Rift and endangered areas of northern Uganda.

**Humanitarian Assistance (\$0.5 million):** The U.S. will support the Famine Early Warning System to better manage the risk of food insecurity.

#### Request by Element

(\$ in Thousands)	2006 Actual	2007 Estimate	2008 Request
<b>TOTAL</b>	244,404	*	329,250
Peace & Security	2,030	*	4,750
Counter-Terrorism	100	*	150
Deny Terrorist Sponsorship, Support and Sanctuary	100	*	150
Stabilization Operations and Security Sector Reform	380	*	2,900
Disarmament, Demobilization & Reintegration (DDR)	0	*	1,900
Destruction and Security of Conventional Weapons	40	*	0
Immediate Protection of Civilians in Conflict	0	*	500
Defense, Military, and Border Restructuring, Reform and Operations	340	*	0
Law Enforcement Restructuring, Reform and Operations	0	*	500
Transnational Crime	250	*	200

(\$ in Thousands)	2006 Actual	2007 Estimate	2008 Request
Trafficking-in-Persons and Migrant Smuggling	250	*	200
Conflict Mitigation and Reconciliation	1,300	*	1,500
Conflict Mitigation	92	*	192
Peace and Reconciliation Processes	958	*	641
Program Support (Conflict)	250	*	667
Governing Justly & Democratically	2,378	*	4,100
Good Governance	2,378	*	1,000
Legislative Function and Processes	250	*	388
Local Government and Decentralization	1,053	*	389
Program Support (Governance)	1,075	*	223
Political Competition and Consensus-Building	0	*	2,000
Consensus-Building Processes	0	*	493
Elections and Political Processes	0	*	493
Political Parties	0	*	492
Program Support (Political Competition)	0	*	522
Civil Society	0	*	1,100
Civic Participation	0	*	858
Program Support (Civil Society)	0	*	242
Investing in People	197,435	*	292,750
Health	190,710	*	286,250
HIV/AIDS	145,000	*	255,000
Tuberculosis	1,878	*	2,200
Malaria	9,500	*	9,500
Maternal and Child Health	26,997	*	13,050
Family Planning and Reproductive Health	6,335	*	6,500
Water Supply and Sanitation	1,000	*	0
Education	5,925	*	6,500
Basic Education	5,925	*	6,500
Social and Economic Services and Protection for Vulnerable Populations	800	*	0
Social Services	800	*	0
Economic Growth	42,561	*	27,650
Trade and Investment	1,107	*	0
Trade and Investment Capacity	907	*	0
Program Support (Trade)	200	*	0
Agriculture	37,521	*	21,150
Agricultural Sector Productivity	36,328	*	19,990
Program Support (Agriculture)	1,193	*	1,160
Private Sector Competitiveness	0	*	2,000
Private Sector Productivity	0	*	1,778
Program Support (Private Sector)	0	*	222
Environment	3,933	*	4,500
Natural Resources and Biodiversity	3,289	*	4,000
Program Support (Environment)	644	*	500

#### **Linkages with the Millennium Challenge Corporation (MCC)**

Uganda will receive Millennium Challenge Account Threshold Program funds for corruption prevention, investigation and prosecution, particularly in the area of public procurement.



### **Statement of Changes**

The FY 2008 budget for Uganda reflects increases in agriculture, private sector competitiveness and environment, which will be critical in assisting northern Uganda to stimulate economic growth in a post-conflict situation. Additional resources for family planning will support Uganda's efforts in tackling its high fertility rate. Uganda will also receive increased democracy and governance funding to promote pluralism in Uganda's Parliament.

**ZAMBIA**  
Developing

**Obstacles and Opportunities for Advancing Transformational Diplomacy**

The major obstacles to Zambia's advancement include legacies of endemic corruption, state intervention in the economy, and under-investment in social sectors. Such legacies erode public confidence in government and hamper economic and social development. Although Zambia is peaceful, it continues to rank near the bottom of the United Nation's Human Development Index and will not meet most of the United Nations Millennium Development Goals in the foreseeable future.

Zambia's history of promoting peace at home and abroad, its multi-party political system, and its continuing transition to a free market economy provide opportunities for U.S. Government (USG) assistance to support its growth. The fragile peace in neighboring Democratic Republic of Congo and instability in neighboring Zimbabwe heighten the importance of a stable, democratic and prosperous Zambia for the region. United States engagement can help Zambians build a prosperous and democratic country.

**Resources to Help Advance Transformational Diplomacy**

**Request by Objective**

(\$ in thousands)	2006 Actual	2007 Estimate	2008 Request
Peace & Security	361	*	400
Governing Justly & Democratically	750	*	500
Investing in People	149,397	*	308,270
Economic Growth	12,623	*	11,817
Humanitarian Assistance	1,694	*	15,206
<b>Total</b>	<b>164,825</b>	*	<b>336,193</b>

**Request by Account**

(\$ in thousands)	2006 Actual	2007 Estimate	2008 Request
Child Survival and Health	16,004	*	10,770
Development Assistance	27,972	*	17,023
Global HIV/AIDS Initiative	116,000	*	290,000
International Military Education & Training	261	*	400
Nonproliferation, Antiterrorism & Demining	100	*	0
Public Law 480 (Food Aid)	4,488**	*	18,000
<b>Total</b>	<b>164,825</b>	*	<b>336,193</b>
Peace Corps	4055	*	3600

\*\*FY 2006 includes \$1.533 million of P.L. 480 Title II emergency food aid. Emergency food aid has not been allocated to countries in FY 2008

**Peace and Security (\$0.4 million):** USG programs strengthen the U.S. partnership with Zambia in the Global War on Terror (GWOT) by training military officers in counter-terrorism. IMET programs strengthen the U.S. partnership with Zambia in the GWOT by training military officers in counter-terrorism and training to better control the country's borders and providing immigration officials with the tools to collect and analyze traveler data. The African Contingency Operations Training and Assistance program provides training and other crisis response assistance to contingents of the Zambian military to enhance its capacity to effectively participate

in humanitarian relief and peace keeping operations. With difficult neighbors, such as Zimbabwe and the Democratic Republic of Congo, the Zambian military could play an important role in regional peacekeeping efforts.

**Governing Justly and Democratically (\$0.5 million):** Poor political rights and civil liberties are significant issues hindering Zambia's development. The United States' sharply targeted assistance promotes rule of law and human rights in Zambia by focusing on creating judicial independence. With the upcoming elimination of USAID's Democracy and Governance activities (end of FY 2007), concerns in this area are addressed principally by the country's Millennium Challenge Corporation (MCC) Threshold program, which focuses on fighting corruption and improving government effectiveness.

**Investing in People (\$308.3 million):** Very short life expectancy, high levels of maternal mortality, relatively low literacy and large income inequality present severe problems for Zambia's development. USG assistance addresses the country's poor socio-economic conditions by promoting health and education, with a focus on increasing equitable access to quality basic education, strengthening maternal and child health, combating tuberculosis, and improving family planning and reproductive health. USG programs help to reduce the prevalence of disease, improve quality and access to primary education and school-based health and nutrition, and promote the rights of women, including the reduction of trafficking in persons and gender-based violence.

**Linkages with the President's Malaria Initiative (PMI):** Zambia will be a new PMI country in FY 2008. PMI's goal is to reduce malaria-related morbidity by 50% in 15 participating African countries. Zambia will achieve this goal over three years by reaching 85% coverage of vulnerable groups with proven preventive and therapeutic interventions. These include: artemisinin-based combination therapies for the treatment of malaria; a combination of insecticide-treated mosquito nets and indoor residual spraying to prevent malaria; and intermittent preventive treatment to address the impact of malaria in pregnancy.

**Linkages with the President's Emergency Plan for AIDS Relief (PEPFAR):** Zambia, a PEPFAR focus country, will receive significant support for bilateral HIV/AIDS programs in FY 2008. These funds will be used, under the leadership of the host country government, to scale up integrated prevention, care, and treatment programs throughout the country. PEPFAR support is invested in partnerships to help the nation build its capacity for a sustainable response. Zambia will also receive PEPFAR resources for HIV/AIDS outside of the Foreign Operations appropriations.

**Economic Growth (\$11.8 million):** Despite indicators suggesting that Zambia's economy has expanded moderately over the past five to six years, the country has a major problem with economic diversification, relying primarily upon copper and other mineral exports. USG assistance promotes agriculture, private sector competitiveness, financial services, trade and investment, and economic opportunity by addressing agricultural and private sector productivity, advancing trade and investment capacity, promoting inclusive economic law and property rights, improving financial services, and strengthening the agricultural, business, financial, and trade and investment enabling environments. The program also works to remove regulatory and institutional constraints on businesses, reform financial and capital markets, and promote the growth of small and medium-sized enterprises, particularly those in the agricultural sector.

**Humanitarian Assistance (\$15.2 million):** Sustainable economic and social progress in Zambia is hindered by recurrent droughts and floods. Innovative USG assistance will merge food

security with income generation activities, agricultural projects, and private sector-oriented activities in two provinces which are chronically devastated by drought or flood, thereby enabling participants to break out of the perpetual cycle of dependency.

### Request by Element

(\$ in Thousands)	2006 Actual	2007 Estimate	2008 Request
<b>TOTAL</b>	164,825	*	336,193
Peace & Security	361	*	400
Counter-Terrorism	100	*	0
Deny Terrorist Sponsorship, Support and Sanctuary	100	*	0
Stabilization Operations and Security Sector Reform	261	*	400
Defense, Military, and Border Restructuring, Reform and Operations	261	*	400
Governing Justly & Democratically	750	*	500
Rule of Law and Human Rights	0	*	500
Judicial Independence	0	*	500
Good Governance	750	*	0
Anti-Corruption Reforms	750	*	0
Investing in People	149,397	*	308,270
Health	132,004	*	300,770
HIV/AIDS	116,000	*	290,000
Tuberculosis	989	*	1,500
Malaria	7,659	*	6,270
Maternal and Child Health	4,192	*	0
Family Planning and Reproductive Health	3,164	*	3,000
Education	17,393	*	7,500
Basic Education	17,393	*	7,500
Economic Growth	12,623	*	11,817
Trade and Investment	1,804	*	1,717
Trade and Investment Enabling Environment	527	*	489
Trade and Investment Capacity	1,178	*	1,094
Program Support (Trade)	99	*	134
Financial Sector	1,301	*	911
Financial Services	1,243	*	835
Program Support (Financial Sector)	58	*	76
Agriculture	7,285	*	7,071
Agricultural Enabling Environment	865	*	802
Agricultural Sector Productivity	5,723	*	5,515
Program Support (Agriculture)	697	*	754
Private Sector Competitiveness	1,592	*	1,515
Private Sector Productivity	1,453	*	1,349
Program Support (Private Sector)	139	*	166
Economic Opportunity	641	*	603
Strengthen Microenterprise Productivity	611	*	567
Program Support (Econ Opportunity)	30	*	36
Humanitarian Assistance	1,694	*	15,206
Protection, Assistance and Solutions	0	*	15,206
Crisis Assistance and Recovery	0	*	15,000
Program Support (Protection)	0	*	206
Disaster Readiness	1,694	*	0
Capacity Building, Preparedness, and Planning	1,694	*	0

### **Linkages with the Millennium Challenge Corporation (MCC)**

Zambia is an MCC Threshold country. The program is a two-year, \$24.3 million effort to fight corruption and improve government effectiveness. The program's three-pronged strategy in combating corruption focuses on preventing corruption in targeted government institutions, enhancing public service delivery to the private sector, and improving the border management of trade.

### **Statement of Changes**

The Investing in People objective will see significant changes. The African Education Initiative provided a significant one-time DA boost in funding through the Fast Track Initiative for Education in FY 2006. The Humanitarian Assistance objective has shifted its focus from disaster readiness to protection assistance and solutions, and will be increased significantly for FY 2008. These resources will assist farmers in drought prone provinces within Zambia to develop alternative and sustainable methods for obtaining water for irrigation and to grow more drought resistant crops to mitigate the damaging effects of recurring droughts. These additional P.L. 480 funds will help indigent Zambia farmers build sustainable defenses against natural disasters. Significant increases in funding for HIV/AIDS through the GHAI account will provide increased HIV/AIDS prevention, care, and treatment services to the Zambian people.

## ZIMBABWE

### Obstacles and Opportunities for Advancing Transformational Diplomacy

In order to lay the groundwork for Zimbabwe's return to democracy and prosperity, U.S. assistance must help the country confront a number of obstacles, including a democratic opposition and civil society that have been weakened by years of government repression, an economic meltdown and concomitant increasing humanitarian needs, and a serious HIV/AIDS epidemic. The 2008 Presidential election, if it occurs on schedule, presents the next major opportunity to advance democracy. Democratic forces will need support from the United States to push forward constitutional and elections reform to ensure that elections are free and fair. The regime itself is increasingly fractionalized by differences of opinion over the succession issue and how to turn around the economy and this may provide an opening to leverage officials of the Zimbabwe African National Union - Patriotic Front to support reforms. The poorly conceived and implemented land reform process and ruinous economic policies have undermined popular support for the regime and have resulted in the fastest imploding economy in the world (characterized by -5.5% GDP, nearly 1,200% inflation, and 80% of the population below the poverty line) and chronic food insecurity for 50% of the population. The HIV/AIDS prevalence rate, at 18.1%, equates to one in four adults being HIV positive, 185,000 AIDS-related deaths and a similar number of new infections each year, contributing to an orphan population of 1.6 million, the highest rate per capita worldwide. This, in combination with out-migration of skilled professionals and deterioration in the school system, will make rebuilding Zimbabwe a challenge despite its wealth of natural resources and, until recently, relatively high level of human capital and infrastructure development.

### Resources to Help Advance Transformational Diplomacy

#### Request by Objective

(\$ in thousands)	2006 Actual	2007 Estimate	2008 Request
Governing Justly & Democratically	6,586	*	3,000
Investing in People	10,973	*	18,010
<b>Total</b>	<b>17,559</b>	<b>*</b>	<b>21,010</b>

#### Request by Account

(\$ in thousands)	2006 Actual	2007 Estimate	2008 Request
Child Survival and Health	10,973	*	18,010
Development Assistance	3,601	*	3,000
Economic Support Fund	2,970	*	0
Transition Initiatives	15	*	0
<b>Total</b>	<b>17,559</b>	<b>*</b>	<b>21,010</b>

**Governing Justly and Democratically (\$3.0 million):** Operating under the current assumption that elections will proceed on time in March or April 2008 and that, if they are free and fair, they will place a more moderate individual in power, FY 2008 funding will be targeted principally at consensus building activities aimed at promoting peaceful agreement on democratic reform, rules, and frameworks as well as broad-based participation in determining, defining, and negotiating changes to governing structures and electoral processes. Illustrative activities include legislative reform, national dialogue, referenda on key issues, civil society participation in the process, and assistance to communicate issues, engender debate, and convey enacted reforms to the general

populace. Funding will be required early in the fiscal year to support final elements of an elections strategy, including monitoring, in the months immediately preceding an election. Additionally, funding is necessary for program support costs such as staff salaries, travel, training, and ICASS expenses. If the elected government is reform-minded, supplemental assistance will be requested, consistent with an ongoing forward planning exercise, to undertake medium- and long-term democracy and economic governance-related assistance such as judicial reform, local government capacity development, civil society and media strengthening, and private sector growth.

If elections do not occur in 2008, or if elections continue the status quo, FY 2008 programming under the Governing Justly and Democratically objective will be reassessed to determine the most promising course needed to assist the democratic opposition to survive and to maintain pressure on the regime to reform. The United States will promote a continuing dialogue with domestic and regional audiences on economic mismanagement, political manipulation, and human rights abuses. Furthermore, the United States plans to build the capacity of the legislature to enable governmental debate and public hearings on important issues, strengthen advocacy skills and overall participation of civil society organizations in the democratic process, support independent media, including Voice of America, and continue efforts to realize election reform and a stronger opposition voice.

**Investing in People (\$18.0 million):** Zimbabwe is fighting one of the most severe HIV/AIDS epidemics in the world. The U.S. HIV/AIDS program is a five-year, multi-agency strategy focused on the prevention, care, and treatment of the disease. FY 2008 funding will target mother-to-child transmission of HIV/AIDS, promote behavior change through mass media and interpersonal communication, provide voluntary counseling and testing and post-test services, male and female condoms, and anti-retrovirals to Zimbabweans, strengthen supply chain management within the health sector, support orphans and vulnerable children with legal, medical, and psycho-social services, and integrate family planning into HIV/AIDS services. Additionally, the United States will support continued policy dialogue and participation in multi-donor fora (such as the Global Fund's Country Coordinating Mechanism) and program management costs such as staff salaries, travel, training, and ICASS expenses.

Linkages with the President's Emergency Plan for AIDS Relief (PEPFAR): Zimbabwe will receive significant support for bilateral HIV/AIDS programs in FY 2008, with programmatic emphasis on a range of interventions related to care, treatment, and prevention. Zimbabwe will also receive PEPFAR resources for HIV/AIDS outside of the Foreign Operations appropriations.

### Request by Element

(\$ in Thousands)	2006 Actual	2007 Estimate	2008 Request
<b>TOTAL</b>	17,559	*	21,010
Governing Justly & Democratically	6,586	*	3,000
Rule of Law and Human Rights	500	*	0
Human Rights	500	*	0
Good Governance	415	*	400
Legislative Function and Processes	415	*	400
Political Competition and Consensus-Building	800	*	535
Consensus-Building Processes	0	*	335
Elections and Political Processes	500	*	200
Political Parties	300	*	0

(\$ in Thousands)	2006 Actual	2007 Estimate	2008 Request
Civil Society	4,871	*	2,065
Civic Participation	3,531	*	900
Media Freedom and Freedom of Information	1,000	*	800
Program Support (Civil Society)	340	*	365
Investing in People	10,973	*	18,010
Health	10,973	*	18,010
HIV/AIDS	9,787	*	17,000
Family Planning and Reproductive Health	1,186	*	1,010

#### **Statement of Changes**

Though presidential elections are not yet certain for 2008, assistance will create pressure for elections to continue on schedule and will encompass strengthening democratic political parties, updating the voter rolls, educating voters, promoting issues-based dialogue, ensuring appropriate media coverage, parallel vote tabulation, and monitoring of polling sites. U.S. support will allow assessments to be conducted to identify cross-sectoral needs and required interventions in an environment conducive to reform. The analysis will feed into multi-donor planning efforts.

Should elections proceed in 2008, with FY 2008 resources, the United States anticipates further programmatic changes to focus on consensus-building, as discussed above.



**AFRICA REGIONAL**  
Regional

**Obstacles and Opportunities for Advancing Transformational Diplomacy**

The enormous size and diversity of sub-Saharan Africa poses some significant challenges for foreign assistance resources. Sub-Saharan Africa has at least one country in each of the five country categories, and the region's challenges range from states facing difficult rebuilding after periods of collapse to states that are thriving democracies promoting economic growth. The principal goal of the Africa Regional Program is to support U.S. efforts in Peace and Security and Governing Justly and Democratically programs in sub-Saharan Africa. While the Africa Regional Program demonstrates the strong U.S. commitment to fighting terrorism and helping promote the empowerment of women, the vast bulk of U.S. resources in the Africa region are devoted to Investing in People or Economic Growth, specifically in fighting HIV/AIDS and malaria, as well as providing emergency food assistance to populations facing natural disasters, conflict, or state collapse.

**Resources to Help Advance Transformational Diplomacy**

**Request by Objective**

(\$ in thousands)	2006 Actual	2007 Estimate	2008 Request
Peace & Security	47,397	*	21,333
Governing Justly & Democratically	7,130	*	2,300
Investing in People	2,700	*	4,950
Economic Growth	3,737	*	0
<b>Total</b>	<b>60,964</b>	<b>*</b>	<b>28,583</b>

**Request by Account**

(\$ in thousands)	2006 Actual	2007 Estimate	2008 Request
Economic Support Fund	15,408	*	7,250
Foreign Military Financing	3,960	*	0
International Military Education & Training	136	*	133
International Narcotics Control and Law Enforcement	594	*	0
Nonproliferation, Antiterrorism & Demining	0	*	7,200
Peacekeeping Operations	40,866	*	14,000
<b>Total</b>	<b>60,964</b>	<b>*</b>	<b>28,583</b>

The State Africa regional program received \$5 million of FY 2006 supplemental funds from the PKO account.

**Peace and Security (\$21.3 million):** One of the highest priorities for programming Africa Regional resources is the promotion of Peace and Security. Africa Regional funds will continue to be used to support a range of activities, including training programs to strengthen African capacity to fight terrorism, and to enhance border and coastal security. The Trans-Sahara Counterterrorism Partnership, a robust and multifaceted program to deny terrorists safe-havens, operational bases, and recruitment opportunities, will also be supported.

**Governing Justly and Democratically (\$2.3 million):** Africa Regional resources will be used to improve the administration of justice for victims of domestic violence as part of the Women's

Justice and Empowerment Presidential Initiative (WJEI). WJEI seeks to help the governments of Benin, Kenya, Zambia and South Africa: 1) improve their ability to investigate, prosecute, and adjudicate gender based violence (GBV); 2) raise awareness of GBV; and 3) provide GBV victims with support.

**Investing in People (\$5.0 million):** Regional funds will be used to support programs in two broad areas of WJEI activity: 1) efforts to strengthen the awareness of violence against women and children, and change related attitudes and behavior; and 2) the provision of support and assistance to victims. WJEI programs will complement existing HIV/AIDS prevention and care activities funded by the President's Emergency Plan for AIDS Relief.

### Request by Element

(\$ in Thousands)	2006 Actual	2007 Estimate	2008 Request
<b>TOTAL</b>	60,964	*	28,583
Peace & Security	47,397	*	21,333
Counter-Terrorism	2,285	*	7,200
Deny Terrorist Sponsorship, Support and Sanctuary	0	*	1,200
De-Legitimize Terrorist Ideology	650	*	0
Governments' Capabilities	1,635	*	6,000
Stabilization Operations and Security Sector Reform	44,962	*	14,133
Defense, Military, and Border Restructuring, Reform and Operations	44,962	*	14,133
Conflict Mitigation and Reconciliation	150	*	0
Peace and Reconciliation Processes	150	*	0
Governing Justly & Democratically	7,130	*	2,300
Rule of Law and Human Rights	1,394	*	2,300
Justice System	897	*	0
Human Rights	497	*	2,300
Good Governance	3,060	*	0
Legislative Function and Processes	500	*	0
Public Sector Executive Function	860	*	0
Local Government and Decentralization	1,000	*	0
Anti-Corruption Reforms	700	*	0
Political Competition and Consensus-Building	1,350	*	0
Elections and Political Processes	1,000	*	0
Political Parties	350	*	0
Civil Society	1,326	*	0
Civic Participation	556	*	0
Media Freedom and Freedom of Information	770	*	0
Investing in People	2,700	*	4,950
Social and Economic Services and Protection for Vulnerable Populations	2,700	*	4,950
Social Services	1,350	*	3,950
Social Assistance	1,350	*	1,000
Economic Growth	3,737	*	0
Trade and Investment	1,365	*	0
Trade and Investment Enabling Environment	990	*	0
Trade and Investment Capacity	375	*	0
Private Sector Competitiveness	500	*	0
Business Enabling Environment	500	*	0
Environment	1,872	*	0
Natural Resources and Biodiversity	1,872	*	0

**AFRICA REGIONAL - USAID**  
Regional

**Obstacles and Opportunities for Advancing Transformational Diplomacy**

Transformational diplomacy faces tremendous challenges in sub-Saharan Africa, but there is a willingness on the part of its countries and institutions to partner with the United States in achieving greater security, stability, and growth on the continent. The major obstacles to Africa's advancement are widespread poverty, illiteracy, hunger, disease, environmental degradation, conflict, and poor governance. Most of these are best addressed through country-specific interventions, but regional programs are needed to buttress those efforts in a number of areas, as reflected by Presidential initiatives in such areas as trade, agriculture, HIV/AIDS and malaria. The principal goal of Africa Regional programs is to strengthen selected African regional institutions and organizations - including non-governmental organizations and associations - to improve their capacity to contribute to Africa's development in an environment of stability and security. Assistance will strategically support interventions across all of the priority areas and enhance the U.S. Government's effort to move African countries up the development hierarchy.

**Resources to Help Advance Transformational Diplomacy**

**Request by Objective**

(\$ in thousands)	2006 Actual	2007 Estimate	2008 Request
Peace & Security	2,518	*	5,850
Governing Justly & Democratically	2,593	*	6,100
Investing in People	71,952	*	121,955
Economic Growth	20,090	*	46,275
<b>Total</b>	<b>97,153</b>	<b>*</b>	<b>180,180</b>

**Request by Account**

(\$ in thousands)	2006 Actual	2007 Estimate	2008 Request
Child Survival and Health	28,204	*	88,730
Development Assistance	68,949	*	91,450
<b>Total</b>	<b>97,153</b>	<b>*</b>	<b>180,180</b>

**Peace and Security (\$5.9 million):** Assistance will support conflict mitigation and response; peace and reconciliation processes, and preventive diplomacy; as well as the efforts of African regional institutions to address conflict and respond swiftly to unforeseen circumstances with African-based organizations. U.S. assistance will also support stabilization operations and security sector reform aimed at the protection of civilians in conflict.

**Governing Justly and Democratically (\$6.1 million):** By far the greatest part of good governance work must be done at the country level, but some trans-boundary interventions and partnership with regional organizations make an important contribution to strengthening institutions of good governance on the continent. U.S. assistance is directed at civil society strengthening, media freedom, and freedom of information. Funds are also directed at the African Union to strengthen its capacities, particularly with respect to elections and political processes.

**Investing in People (\$122 million):** The disease burden in Africa is the highest in the world. Life expectancy is lower than other regions and continues to decline. The health of Africans has deteriorated over the past decade because of the devastating interactions among poverty, conflict, and the rapid spread of HIV/AIDS and other infectious diseases such as tuberculosis and malaria. Poor health status has led to low productivity and perpetuation of poverty and inequity. U.S. assistance will support health programs directed at malaria, maternal and child health, family planning and reproductive health, tuberculosis, HIV/AIDS and other health threats. Funds will support the President's Malaria Initiative as it seeks to reduce malaria deaths by half in 15 target countries. Funds will also support African-based institutions working to address other challenges in the health sector. Under the Africa Education Initiative, U.S. assistance will support equitable access to quality basic education and include girls' scholarships, textbooks, and learning materials.

**Economic Growth (\$46.3 million):** U.S. assistance will support African-based institutions/organizations such as the African Union's New Partnership for Africa's Development, the Comprehensive Africa Agriculture Development Program, the Common Market for East and Southern Africa, the Economic Community of West African States, the Southern African Development Community, and the West African Economic and Monetary Union in the areas of: agricultural production and enabling environment; seed research; and the development of biotechnology tools under the Initiative to End Hunger in Africa. Funds will also support expanding trade and promoting export competitiveness under the African Global Competitiveness Initiative. Funds will support: infrastructure, including modern energy, communications and transport services; private sector competitiveness, including the business enabling environment and private sector productivity; economic opportunity, including strengthening micro-enterprise productivity; and, financial services and the financial sector enabling environment. Assistance is also directed at the environment, including trans-boundary natural resource and biodiversity conservation programs, and is designed to leverage public-private partnerships for water and sanitation development.

### Request by Element

(\$ in Thousands)	2006 Actual	2007 Estimate	2008 Request
<b>TOTAL</b>	97,153	*	180,180
Peace & Security	2,518	*	5,850
Counter-Terrorism	250	*	300
Program Support (Counter-Terrorism)	250	*	300
Conflict Mitigation and Reconciliation	2,268	*	5,550
Conflict Mitigation	800	*	2,500
Peace and Reconciliation Processes	668	*	2,500
Preventive Diplomacy	300	*	0
Program Support (Conflict)	500	*	550
Governing Justly & Democratically	2,593	*	6,100
Rule of Law and Human Rights	1,319	*	1,788
Human Rights	1,229	*	1,250
Program Support (Rule of Law)	90	*	538
Good Governance	525	*	847
Legislative Function and Processes	0	*	500
Program Support (Governance)	525	*	347
Political Competition and Consensus-Building	90	*	1,003
Elections and Political Processes	0	*	865

(\$ in Thousands)	2006 Actual	2007 Estimate	2008 Request
Program Support (Political Competition)	90	*	138
Civil Society	659	*	2,462
Civic Participation	529	*	1,615
Program Support (Civil Society)	130	*	847
Investing in People	71,952	*	121,955
Health	31,066	*	93,795
HIV/AIDS	2,261	*	1,000
Tuberculosis	2,583	*	2,000
Malaria	1,365	*	71,025
Other Public Health Threats	2,542	*	3,075
Maternal and Child Health	10,994	*	8,900
Family Planning and Reproductive Health	4,897	*	2,200
Water Supply and Sanitation	6,424	*	5,595
Education	34,309	*	28,160
Basic Education	34,309	*	28,160
Social and Economic Services and Protection for Vulnerable Populations	6,577	*	0
Social Services	5,692	*	0
Social Assistance	885	*	0
Economic Growth	20,090	*	46,275
Trade and Investment	1,769	*	10,940
Trade and Investment Enabling Environment	685	*	10,100
Trade and Investment Capacity	383	*	0
Program Support (Trade)	701	*	840
Financial Sector	2,194	*	500
Financial Sector Enabling Environment	982	*	225
Financial Services	982	*	275
Program Support (Financial Sector)	230	*	0
Infrastructure	4,097	*	5,500
Modern Energy Services	825	*	1,000
Communications Services	1,547	*	2,900
Transport Services	471	*	1,000
Program Support (Infrastructure)	1,254	*	600
Agriculture	8,780	*	21,210
Agricultural Enabling Environment	5,842	*	18,450
Agricultural Sector Productivity	1,450	*	750
Program Support (Agriculture)	1,488	*	2,010
Private Sector Competitiveness	578	*	0
Business Enabling Environment	116	*	0
Private Sector Productivity	382	*	0
Program Support (Private Sector)	80	*	0
Economic Opportunity	96	*	3,000
Strengthen Microenterprise Productivity	0	*	3,000
Program Support (Econ Opportunity)	96	*	0
Environment	2,576	*	5,125
Natural Resources and Biodiversity	1,502	*	2,750
Clean Productive Environment	510	*	2,100
Program Support (Environment)	564	*	275

**CENTRAL AFRICA REGIONAL**  
Regional

**Obstacles and Opportunities for Advancing Transformational Diplomacy**

Despite the richness of the natural resources of the Congo Basin, its people are among the poorest in the world. One of the primary challenges for U.S. assistance is striking a balance between the use of natural resources to satisfy current human needs and the protection of the resource base for the needs of future generations. Many countries in central Africa are emerging from conflict, and weak and inefficient governance structures are the norm. Insecurity is a very real concern in many countries and infrastructure is extremely poor throughout the 70 million hectares of the Basin, creating little incentive for any increased legitimate economic investment. While the Congo Basin has great economic potential if managed appropriately, that potential is a source of conflict and regional instability throughout central Africa. Through the Central African Regional Program for the Environment (CARPE), the United States is increasing local, national, and regional natural resource management and governance capacity not only to prevent the loss of forest strength and biodiversity, but also to improve the livelihoods of the region's 100 million inhabitants.

**Resources to Help Advance Transformational Diplomacy**

**Request by Objective**

(\$ in thousands)	2006 Actual	2007 Estimate	2008 Request
Economic Growth	17,500	*	11,300
<b>Total</b>	<b>17,500</b>	<b>*</b>	<b>11,300</b>

**Request by Account**

(\$ in thousands)	2006 Actual	2007 Estimate	2008 Request
Development Assistance	17,500	*	11,300
<b>Total</b>	<b>17,500</b>	<b>*</b>	<b>11,300</b>

**Economic Growth (\$11.3 million):** U.S. assistance, through CARPE, will improve livelihoods for inhabitants of the Congo Basin while promoting the sustainable use of natural resources and biodiversity conservation. CARPE activities take place in 12 key biodiversity landscapes in seven countries (Rwanda, the Republic of the Congo, the Central African Republic, Cameroon, Equatorial Guinea, the Democratic Republic of Congo, and Gabon). Many of these landscapes are trans-boundary in nature and require consultation and cooperation among different national governments. CARPE also supports cross-cutting activities that serve the entire Basin such as monitoring of deforestation trends, natural resource governance, and harmonization of policies. These cross-cutting issues include two additional countries - Burundi and Sao Tome and Principe.

**Request by Element**

(\$ in Thousands)	2006 Actual	2007 Estimate	2008 Request
<b>TOTAL</b>	17,500	*	11,300
Economic Growth	17,500	*	11,300
Environment	17,500	*	11,300
Natural Resources and Biodiversity	15,670	*	9,765
Program Support (Environment)	1,830	*	1,535

**EAST AFRICA REGIONAL**  
Regional

**Obstacles and Opportunities for Advancing Transformational Diplomacy**

Obstacles to stability in East Africa are linked to high levels of poverty, weak governance and institutions that are unwilling or unable to respond to the needs of thousands of marginalized and impoverished people. In the Horn of Africa (HOA) region, instability results from a combustible combination of regional state weakness (including prolonged statelessness within the borders of the former Somali republic), broad, unregulated availability of automatic weapons, and the advent of international terrorism and transnational criminality. These factors have coalesced to make the arid lowland border areas of the Horn of Africa among the most fragile and lawless territories in Africa. In the Great Lakes region, instability is more likely to be related to an abundance of natural resources that leads to illegal extraction and trading and related corruption. Sustainable resolution of many of the factors of instability and insecurity require improved governance, better access to basic social services, and expanded opportunities for productive economic activity. Many of the region's problems - particularly poor governance - must be addressed on a country-specific basis. Other problems, however, demand cross-border attention, particularly expanding economic opportunities and improving social service delivery to pastoralists who regularly cross international boundaries in search of water and pasture, and regulating cross-border trade in extractive products. Thus, while some attention should appropriately be provided directly to cross-border issues of peace and security in both the HOA and the Great Lakes, other funding must go to resolving issues of poverty and quality of life that, in the longer term, will reduce the influence of extremist ideas.

**Resources to Help Advance Transformational Diplomacy**

**Request by Objective**

(\$ in thousands)	2006 Actual	2007 Estimate	2008 Request
Peace & Security	2,227	*	7,360
Governing Justly & Democratically	1,249	*	1,000
Investing in People	10,448	*	5,760
Economic Growth	31,273	*	10,200
<b>Total</b>	<b>45,197</b>	<b>*</b>	<b>24,320</b>

**Request by Account**

(\$ in thousands)	2006 Actual	2007 Estimate	2008 Request
Child Survival and Health	10,098	*	5,760
Development Assistance	20,299	*	18,560
International Disaster and Famine Assistance	14,800	*	0
<b>Total</b>	<b>45,197</b>	<b>*</b>	<b>24,320</b>

**Peace and Security (\$7.4 million):** The focus of the HOA program is to increase stability in the region, especially along Kenya's and Ethiopia's border with Somalia, which remains unstable, insecure and a potential breeding ground for international terrorism. The program will leverage additional funds from the Department of Defense in the combined effort to deny safe haven for terrorists and diminish the underlying conditions that foster extremism. Resources will be allocated primarily to conflict mitigation and counter-terrorism activities that provide economic incentives and alternatives to extremism. Funds will also contribute to regional security in the Great Lakes region related to the extraction and trade of both forestry and mining products.

**Governing Justly and Democratically (\$1.0 million):** The regional program will focus on: strengthened public-private partnerships to address the lack of transparency and accountability in the transport corridor; civic participation in conflict mitigation; and more effective engagement in governance of the local security sector in target cross-border zones. Investments will support African partners, including, community based organizations, peace committees, regional associations of revenue authorities, transport authorities, professional associations of country and regional freight clearing and forwarding agents.

**Investing in People (\$5.8 million):** The regional program complements bilateral efforts of the President's Emergency Program for AIDS Relief (HIV/AIDS prevention, care, and treatment) through a transport corridor program and support to African children affected by HIV/AIDS. Investments will be made in programs along the busiest transport corridors through which high numbers of vulnerable people are infected with HIV. By focusing attention throughout the region on these cross-border areas and leveraging country-level resources and strengthening regional African health institutions, HIV and other diseases can be prevented and treated in greater numbers.

**Economic Growth (\$10.2 million):** From a regional perspective, economic growth is most likely to be achieved through increased cross-border trade, efficient service delivery and increased agricultural productivity. Funds will be used to support the Africa Global Competitiveness Initiative (AGCI), the African Growth and Opportunities Act, and the Initiative to End Hunger in Africa, to encourage regional economic growth with a specific concentration on trade and investment, agriculture, and private sector competitiveness. Regional organizations involved in technology development and transfer, economic policy and implementation, and regional private sector federations and associations will help in maintaining a regional economic growth and integration focus.

Funds will be aimed at increasing the effectiveness of African trade institutions to facilitate the growth of African economies through enhanced efficiency and competitiveness as outlined in the AGCI. To increase the integration of African economies, more countries will be assisted to join and improve their participation in regional economic communities resulting in the creation of larger regional markets. Funds will also be used to promote an enabling environment for improved productivity of smallholder agriculture, with the goal of raising rural incomes.

#### Request by Element

(\$ in Thousands)	2006 Actual	2007 Estimate	2008 Request
<b>TOTAL</b>	45,197	*	24,320
Peace & Security	2,227	*	7,360
Stabilization Operations and Security Sector Reform	0	*	1,400
Immediate Protection of Civilians in Conflict	0	*	1,400
Conflict Mitigation and Reconciliation	2,227	*	5,960
Conflict Mitigation	1,815	*	5,500
Peace and Reconciliation Processes	0	*	460
Program Support (Conflict)	412	*	0
Governing Justly & Democratically	1,249	*	1,000
Good Governance	936	*	1,000
Anti-Corruption Reforms	108	*	1,000
Program Support (Governance)	828	*	0



(\$ in Thousands)	2006 Actual	2007 Estimate	2008 Request
Civil Society	313	*	0
Civic Participation	113	*	0
Program Support (Civil Society)	200	*	0
Investing in People	10,448	*	5,760
Health	10,198	*	5,760
HIV/AIDS	5,241	*	2,000
Tuberculosis	791	*	760
Malaria	197	*	0
Maternal and Child Health	1,681	*	1,150
Family Planning and Reproductive Health	2,288	*	1,850
Education	250	*	0
Basic Education	250	*	0
Economic Growth	31,273	*	10,200
Macroeconomic Foundation for Growth	617	*	0
Program Support (Macro Econ)	617	*	0
Trade and Investment	3,280	*	2,035
Trade and Investment Enabling Environment	2,311	*	2,035
Program Support (Trade)	969	*	0
Infrastructure	2,352	*	1,971
Communications Services	700	*	1,112
Transport Services	1,038	*	859
Program Support (Infrastructure)	614	*	0
Agriculture	23,361	*	5,595
Agricultural Enabling Environment	5,550	*	1,361
Agricultural Sector Productivity	14,977	*	4,234
Program Support (Agriculture)	2,834	*	0
Environment	1,663	*	599
Natural Resources and Biodiversity	888	*	399
Clean Productive Environment	0	*	200
Program Support (Environment)	775	*	0

**SOUTHERN AFRICA REGIONAL**  
Regional

**Obstacles and Opportunities for Advancing Transformational Diplomacy**

Challenged by poverty and insufficient investment, hard hit by the HIV/AIDS pandemic, and continually beset by droughts and food insecurity, Southern Africa has seen its average life expectancy drop from 57 to 33 years. The continuing political crisis in Zimbabwe illustrates the fragility of sustaining democratic principles and institutions in the region. Southern Africa has nine of the 10 highest HIV/AIDS country prevalence rates in the world. A major obstacle to economic progress remains inconsistent or contradictory policies to promote trade and investment across the region. Without effective trans-boundary water management, growth in the region will not reach its full potential and food security will remain a perennial problem.

Against this bleak picture is the more positive image of a region with relatively well-developed infrastructure, diverse natural resources, generally better health and education than the rest of sub-Saharan Africa (apart from HIV/AIDS); and nascent democratic governments. Southern Africa remains peaceful relative to other regions on the continent, which makes possible steps towards successful regional integration. Overall stability and security of the region is best served by investments to foster economic growth, and bolster principles of good governance, including the governance of shared natural resources. Regional organizations are essential to ensure effective norms and standards for governance, coordinate and assist with the threat posed by HIV/AIDS, and promote economic growth through regional and international trade.

**Resources to Help Advance Transformational Diplomacy**

**Request by Objective**

(\$ in thousands)	2006 Actual	2007 Estimate	2008 Request
Governing Justly & Democratically	1,183	*	2,000
Investing in People	7,401	*	2,000
Economic Growth	15,404	*	10,600
Humanitarian Assistance	150,995	*	0
<b>Total</b>	<b>174,983</b>	<b>*</b>	<b>14,600</b>

**Request by Account**

(\$ in thousands)	2006 Actual	2007 Estimate	2008 Request
Child Survival and Health	7,401	*	2,000
Development Assistance	16,799	*	12,600
Public Law 480 (Food Aid)	150,783**	*	0
<b>Total</b>	<b>174,983</b>	<b>*</b>	<b>14,600</b>

\*\*FY 2006 includes \$150.783 million of P.L. 480 Title II emergency food aid. Emergency food aid has not been allocated to countries in FY 2008

**Governing Justly and Democratically (\$2.0 million):** Reducing executive dominance through stronger non-executive institutions will be the primary strategy for promoting good governance. U.S. assistance is directed at promoting good governance, improving legislative processes, and increasing political competition and consensus building. Funds will be used to strengthen the Southern African Development Community-Parliamentary Forum to promote increased implementation of regional norms and standards related to free and fair elections.

**Investing in People (\$2.0 million):** USAID's regional HIV/AIDS core activities will: 1) provide specialized technical and management support to PEPFAR programs in eight countries; 2) budget for, implement and provide technical and management support to the countries of Swaziland and Lesotho; and, 3) conduct cross-country activities, such as facilitating the exchange of information and experiences, building the capacity of regional networks, and supporting cross-border activities to mitigate the further spread of HIV/AIDS in the region.

Linkages with the President's Emergency Plan for AIDS Relief (PEPFAR): USAID manages the Regional HIV/AIDS Program in Southern Africa to coordinate U.S. assistance and to maximize the contribution of the PEPFAR programs managed by country offices across the region.

**Economic Growth (\$10.6 million):** The Presidential Initiative to End Hunger in Africa and the Africa Growth and Competitiveness Initiative (AGCI) activities are implemented regionally by USAID in close coordination with other bilateral USAID missions. AGCI is implemented primarily through USAID's Regional Competitiveness (Trade) Hub, which serves as the coordinating mechanism for the delivery of targeted trade-related assistance. USAID funds will focus on expanding private sector-led regional and international trade. U.S. assistance will also increase agriculture trade through agricultural policy reform and developing modern energy and transport infrastructure. All elements will combine to work with relevant regional and multi-country organizations, as well as with other donor resources. Moreover, U.S. assistance will help to conserve valuable natural resources by engaging regionally with the Southern Africa Development Community in the water sector. To create a "model" river basin management program, the United States will continue assistance to the Okavango River Basin Commission to develop an effective regional organization to address essential water management requirements.

#### Request by Element

(\$ in Thousands)	2006 Actual	2007 Estimate	2008 Request
<b>TOTAL</b>	174,983	*	14,600
Governing Justly & Democratically	1,183	*	2,000
Good Governance	0	*	400
Legislative Function and Processes	0	*	383
Program Support (Governance)	0	*	17
Political Competition and Consensus-Building	971	*	1,600
Elections and Political Processes	775	*	1,450
Program Support (Political Competition)	196	*	150
Civil Society	212	*	0
Civic Participation	200	*	0
Program Support (Civil Society)	12	*	0
Investing in People	7,401	*	2,000
Health	7,401	*	2,000
HIV/AIDS	7,401	*	2,000
Economic Growth	15,404	*	10,600
Trade and Investment	5,422	*	3,700
Trade and Investment Enabling Environment	4,822	*	2,050
Trade and Investment Capacity	0	*	1,177
Program Support (Trade)	600	*	473
Financial Sector	1,641	*	0
Financial Sector Enabling Environment	1,500	*	0
Program Support (Financial Sector)	141	*	0
Infrastructure	0	*	2,700

(\$ in Thousands)	2006 Actual	2007 Estimate	2008 Request
Modern Energy Services	0	*	1,069
Transport Services	0	*	1,300
Program Support (Infrastructure)	0	*	331
Agriculture	6,138	*	2,400
Agricultural Enabling Environment	0	*	2,190
Agricultural Sector Productivity	5,600	*	0
Program Support (Agriculture)	538	*	210
Environment	2,203	*	1,800
Natural Resources and Biodiversity	1,933	*	1,688
Program Support (Environment)	270	*	112
Humanitarian Assistance	150,995	*	0
Protection, Assistance and Solutions	150,783	*	0
Crisis Assistance and Recovery	150,783	*	0
Disaster Readiness	212	*	0
Capacity Building, Preparedness, and Planning	200	*	0
Program Support (Disaster Readiness)	12	*	0

**WEST AFRICA REGIONAL**  
Regional

**Obstacles and Opportunities for Advancing Transformational Diplomacy**

The major obstacles to West Africa's advancement are weak governance, few economic opportunities, corruption, low education, poor health, and external forces of disruption. A snapshot of the West Africa sub-region reveals that, despite development interventions over the past several decades, many of the countries in West Africa continue to fall at the bottom of the Human Development Index report on human needs. These obstacles impede the U.S. Government's transformational diplomacy efforts to bring about peace and development in many West African countries. Many of these challenges in health, trade, and governance require concerted regional interventions among the countries to reinforce progress at the country level. Opportunities exist to enhance stability and security, prerequisites for other developmental efforts, in this resource-rich yet conflict-ridden region by supporting conflict mitigation and counter-terrorism activities; promoting regional economic growth and integration; and addressing specific health threats, which undermine progress in other areas and the region.

**Resources to Help Advance Transformational Diplomacy**

**Request by Objective**

(\$ in thousands)	2006 Actual	2007 Estimate	2008 Request
Peace & Security	6,244	*	13,900
Governing Justly & Democratically	1,557	*	0
Investing in People	21,645	*	11,500
Economic Growth	28,220	*	14,700
<b>Total</b>	<b>57,666</b>	<b>*</b>	<b>40,100</b>

**Request by Account**

(\$ in thousands)	2006 Actual	2007 Estimate	2008 Request
Child Survival and Health	18,216	*	11,500
Development Assistance	39,450	*	28,600
<b>Total</b>	<b>57,666</b>	<b>*</b>	<b>40,100</b>

**Peace and Security (\$13.9 million):** In an area of porous borders easily traversed by destabilizing groups, U.S. assistance will support the development aspects of the Trans-Sahara Counter Terrorism Partnership (TSCTP) in Niger, Chad, and Mauritania. Funds directed to TSCTP will be used to promote good governance, spread messages on alternatives to political violence, and mitigate the various risk factors that leave populations vulnerable to extremism. In collaboration with the Economic Community of West African States (ECOWAS) and its Commission for Political Affairs, Peace and Security, U.S. assistance will continue to support conflict prevention and mitigation in the West Africa region.

**Investing in People (\$11.5 million):** U.S. assistance will focus on family planning, reproductive health, and HIV/AIDS. In partnership with the West African Health Organization and other regional organizations, U.S. assistance will be directed at strengthening regional implementing capacity to replicate best practices for reproductive health and improving cross-border collaboration. U.S. assistance will also promote best practices and strengthen regional capacity in developing coordinated regional responses to HIV/AIDS for adoption by regional programs and donors.

Linkages with the President's Emergency Plan for AIDS Relief (PEPFAR): USAID/West Africa (WA) provides technical and administrative support to the Cote d'Ivoire PEPFAR program and serves as its USAID backstop Mission. USAID/WA will also continue to work with USAID non-presence countries to support HIV/AIDS interventions in collaboration with U.S. Embassies.

**Economic Growth (\$14.7 million):** U.S. assistance will be used to strengthen African institutions through the Comprehensive Africa Agriculture Development Program within the framework of the New Partnership for Africa's Development. U.S. assistance will also help improve the policy environment for agriculture as well as support the ECOWAS in its agribusiness public-private sector alliances. Funds will support the Permanent Inter-State Committee for Drought Control in the Sahel to strengthen regional capacity to monitor crop and food production, reinforce early warning systems, and respond to food crises.

U.S. assistance will strengthen the ability of African institutions to implement the African Global Competitiveness Initiative (AGCI) and increase trade under the African Growth and Opportunities Act. Funds will support infrastructure and work to reduce costs by facilitating regional investments in the West Africa Gas Pipeline and West Africa Power Pool, as well as integrated cellular telephone networks and streamlined customs procedures along transportation corridors. U.S. assistance will also help improve rules and regulations that impede trade and reduce tariffs on exported goods, in cooperation with ECOWAS and the West African Economic and Monetary Union. Funds will be directed at improving the business enabling environment and financial services to reduce lender risk and increase access to financial services, as well as to improve African firms' competitiveness to help expand exports to the United States and other key markets. Support will also be provided to the Sahel Club of the Organization for Economic Co-operation and Development in its efforts to promote studies on economic development and dialogue between African Heads of State.

### Request by Element

(\$ in Thousands)	2006 Actual	2007 Estimate	2008 Request
<b>TOTAL</b>	57,666	*	40,100
Peace & Security	6,244	*	13,900
Counter-Terrorism	5,000	*	12,700
De-Legitimize Terrorist Ideology	4,152	*	11,783
Program Support (Counter-Terrorism)	848	*	917
Transnational Crime	326	*	0
Trafficking-in-Persons and Migrant Smuggling	296	*	0
Program Support (Crime)	30	*	0
Conflict Mitigation and Reconciliation	918	*	1,200
Conflict Mitigation	818	*	1,080
Program Support (Conflict)	100	*	120
Governing Justly & Democratically	1,557	*	0
Good Governance	900	*	0
Anti-Corruption Reforms	792	*	0
Program Support (Governance)	108	*	0
Civil Society	657	*	0
Civic Participation	597	*	0
Program Support (Civil Society)	60	*	0
Investing in People	21,645	*	11,500
Health	21,645	*	11,500

(\$ in Thousands)	2006 Actual	2007 Estimate	2008 Request
HIV/AIDS	8,014	*	3,500
Maternal and Child Health	1,623	*	800
Family Planning and Reproductive Health	8,579	*	7,200
Water Supply and Sanitation	3,429	*	0
<b>Economic Growth</b>	<b>28,220</b>	<b>*</b>	<b>14,700</b>
Trade and Investment	6,420	*	2,900
Trade and Investment Enabling Environment	2,325	*	675
Trade and Investment Capacity	3,455	*	1,935
Program Support (Trade)	640	*	290
<b>Financial Sector</b>	<b>221</b>	<b>*</b>	<b>600</b>
Financial Sector Enabling Environment	0	*	270
Financial Services	200	*	270
Program Support (Financial Sector)	21	*	60
<b>Infrastructure</b>	<b>4,665</b>	<b>*</b>	<b>5,000</b>
Modern Energy Services	3,911	*	1,260
Communications Services	72	*	540
Transport Services	284	*	2,700
Program Support (Infrastructure)	398	*	500
<b>Agriculture</b>	<b>14,849</b>	<b>*</b>	<b>6,200</b>
Agricultural Enabling Environment	5,500	*	2,250
Agricultural Sector Productivity	7,865	*	3,233
Program Support (Agriculture)	1,484	*	717
<b>Environment</b>	<b>2,065</b>	<b>*</b>	<b>0</b>
Natural Resources and Biodiversity	1,782	*	0
Program Support (Environment)	283	*	0

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## **EAST ASIA AND THE PACIFIC**

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## East Asia and the Pacific Regional Overview

### Obstacles and Opportunities for Advancing Transformational Diplomacy

#### Request by Account

(\$ in thousands)	2006 Actual	2007 Estimate	2008 Request
Child Survival and Health	106,551	*	98,491
Development Assistance	96,988	*	104,651
Economic Support Fund	181,665	*	152,726
Foreign Military Financing	37,867	*	31,275
Global HIV/AIDS Initiative	31,214	*	87,700
International Military Education & Training	9,169	*	7,449
International Narcotics Control and Law Enforcement	10,395	*	18,240
Nonproliferation, Antiterrorism & Demining	31,049	*	21,868
Public Law 480 (Food Aid)	14,068	*	0
<b>Total</b>	<b>518,966</b>	<b>*</b>	<b>522,400</b>

The East Asian and Pacific (EAP) region is home to some of our most stalwart security and trade partners, to an established power, Japan, and a rising power, China, as well as the world's largest Muslim-majority democracy, Indonesia. The United States seeks to sustain partnerships with treaty allies -- Australia, Japan, South Korea, the Philippines, and Thailand and, through strengthened multilateral cooperation with our partners, to end North Korea's nuclear and missile programs. The United States is at the same time expanding dialogue with China, encouraging it to act as a responsible stakeholder in the international system and encouraging dialogue between Beijing and the elected leaders in Taipei.

Dynamic economic growth has brought a greater measure of prosperity to the region, created a massive new middle classes, and accelerated regional integration. The region accounts for nearly one-third of the world's population, one-quarter of global GDP, a predominant share of global growth, nearly one-fifth of U.S. exports, and over one-quarter of U.S. imports. In all, trans-Pacific trade now totals some three-quarters of a trillion dollars a year. While democracy has advanced steadily, institutions are fragile, and freedom remains remote for many. Political repression, human rights abuses, and endemic corruption continue in many countries. Although, governments have strengthened counterterrorism capacity, sophisticated terrorist organizations continue to pose grave threats. Notable strides have been made in combating the spread of infectious diseases, illegal trafficking, and other criminal activity, but more can be accomplished to advance the region's development.

## Resources to Help Advance Transformational Diplomacy

### Request by Objective and Area for East Asia and the Pacific (\$ in thousands)

	FY 2006 Actual	FY 2008 Request
<b>TOTAL</b>	518,966	522,400
<b>1 Peace &amp; Security</b>	100,321	91,838
1.1 Counter-Terrorism	15,994	15,312
1.2 Combating Weapons of Mass Destruction (WMD)	3,060	2,990
1.3 Stabilization Operations and Security Sector Reform	67,721	56,210
1.4 Counter-Narcotics	1,490	3,045
1.5 Transnational Crime	6,090	2,248
1.6 Conflict Mitigation and Reconciliation	5,966	12,033
<b>2 Governing Justly &amp; Democratically</b>	77,410	55,074
2.1 Rule of Law and Human Rights	22,312	13,785
2.2 Good Governance	40,146	28,111
2.3 Political Competition and Consensus-Building	8,177	7,569
2.4 Civil Society	6,775	5,609
<b>3 Investing in People</b>	225,902	263,483
3.1 Health	172,784	196,542
3.2 Education	49,729	66,716
3.3 Social and Economic Services and Protection for Vulnerable Populations	3,389	225
<b>4 Economic Growth</b>	109,216	109,840
4.1 Macroeconomic Foundation for Growth	1,375	1,000
4.2 Trade and Investment	22,373	26,150
4.3 Financial Sector	6,813	440
4.4 Infrastructure	6,724	9,185
4.5 Agriculture	7,174	5,965
4.6 Private Sector Competitiveness	26,763	42,640
4.7 Economic Opportunity	7,710	4,730
4.8 Environment	30,284	19,730
<b>5 Humanitarian Assistance</b>	6,117	2,165
5.1 Protection, Assistance and Solutions	5,107	2,055
5.2 Disaster Readiness	1,010	110

**Peace and Security (\$91.8 million):** Security ties within the region have resulted in a network of alliances and friendships. The United States has strengthened ties with Indonesia, Malaysia, the Philippines, Singapore, Thailand and Mongolia. U.S. assistance has played a key role in the important successes Southeast Asian governments have achieved in fighting terrorism, but threats to U.S. interests and the need for greater capacity and cooperation among local governments remains significant. The assistance request will maintain and help build on effective counterterrorism programs, strengthen law enforcement and legal institutions, support anti-trafficking programs, and address the conditions that terrorists exploit. The United States will continue to support efforts to bring about a peace agreement in the Philippines to end a long-running insurgency in the south, and to promote peace and reconciliation work in Indonesia.

Throughout the region funds will support military reform and enhance the ability of security forces to combat traditional and transnational threats, while respecting human rights. Addressing serious threats to vulnerable shipping lanes, including the Strait of Malacca, is critical to our regional counterterrorism regime as well as enhancing cooperation between national agencies among Sulu and Sulawesi Seas tri-border countries.

**Governing Justly and Democratically (\$55.1 million):** Aiding democratic development, ending tyranny and promoting the rule of law and human rights remain high priorities. The region has showcased impressive democratic transformations in places as diverse as South Korea, the Philippines, Indonesia, Mongolia, and Taiwan. After 30 years of authoritarian rule, Indonesia has emerged as the world's third-largest democratic state. The Administration will focus significant resources in concert with allies to support Indonesia's new democracy, the success of which is critical to our global and regional interests.

**Investing in People (\$263.5 million):** The U.S. will continue to invest in basic education, health care needs and HIV/AIDS prevention, treatment and care in East Asia and the Pacific. Efforts will help bolster people's faith and confidence in government institutions as these investments, particularly at the local level, help governments meet the needs of their people. In Indonesia, resources will continue to support the President's Education Initiative – a six year, \$157 million educational reform initiative to improve public, private, religious, and secular schools. In Cambodia, a successful program to reduce the prevalence and impact of HIV/AIDS and scale up health interventions especially for women and children will continue. In Vietnam, \$87.7 million will be invested from the President's Emergency Plan for AIDS Relief. Preventing and controlling the spread of other infectious diseases such as tuberculosis, malaria, and avian influenza (AI) will continue to be regional priorities. Southeast Asia is the site of most AI cases and human deaths, and the most likely origin of a pandemic.

**Economic Growth (\$109.8 million):** Foreign assistance and diplomatic resources in this objective are focused on opening markets, facilitating trade, promoting transparency, combating corruption, and supporting efforts to combat poverty and promote sustained growth. Regionally, assistance programs will continue to promote responsible fisheries management in the Pacific, address clean water, sanitation, clean energy technology, more effective use and management of natural resources, and protect biodiversity. Throughout the region, it is essential that the U.S. continue to promote global trade liberalization through bilateral Free Trade Agreements, tax treaties, and Trade and Investment Framework Agreement negotiations and implementation. Economic reform will be advanced through anti-corruption programs in countries such as the Philippines, Indonesia and Mongolia, as well as through APEC and Association of Southeast Asian Nations (ASEAN) programs.

**Humanitarian Assistance (\$2.2 million):** Funds will be directed to assist ASEAN member countries to prepare regional disaster management plans and assistance and recovery programs for displaced Burmese on the Thai-Burma border.

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## BURMA

### Obstacles and Opportunities for Advancing Transformational Diplomacy

The United States' top priority in Burma is the establishment of a democratic state that observes the rule of law and fully respects human rights. The Burmese military, during over 40 years of rule, has systematically gutted the courts, legislative bodies, and educational and public health systems, destroyed the country's universities, and severely mismanaged the economy. Investors have pulled out, leading the regime to rely on corrupt business interests that permit the wholesale plunder and destruction of Burma's rich natural resources. The regime has refused to recognize the results of elections in 1990 when over 80% of the people voted in favor of democratic government. Pro-democracy forces have been significantly weakened by many years of harsh repression and have negligible governing experience. Burma's steady political and socioeconomic decline has exacerbated problems threatening regional stability.

### Resources to Help Advance Transformational Diplomacy

#### Request by Objective

(\$ in thousands)	2006 Actual	2007 Estimate	2008 Request
Peace & Security	400	*	0
Governing Justly & Democratically	4,171	*	550
Investing in People	1,732	*	2,025
Humanitarian Assistance	4,587	*	2,055
<b>Total</b>	<b>10,890</b>	*	<b>4,630</b>

#### Request by Account

(\$ in thousands)	2006 Actual	2007 Estimate	2008 Request
Child Survival and Health	0	*	1,040
Development Assistance	0	*	800
Economic Support Fund	10,890	*	2,790
<b>Total</b>	<b>10,890</b>	*	<b>4,630</b>

**Governing Justly and Democratically (\$0.6 million):** Inside Burma, U.S. assistance will help build the capacity of the Burmese people by providing them with the information and skills that will enable them to participate effectively in an inclusive dialogue bringing together pro-democracy supporters, ethnic minorities, and the military to chart a viable political transition to a free and democratic Burma that respects the human rights of all of its diverse people.

**Investing in People (\$2 million):** The Burmese regime provides negligible funding to meet the education and health needs of the country. Inside Burma, the United States provides HIV/AIDS prevention, care, and treatment assistance which has proven to be a model for the international community to ensure effective delivery of assistance to those most in need inside Burma through private clinics. Basic and higher education funding seeks to strengthen English training throughout the country so that information can be read and absorbed by a broader audience and specifically targets the future leaders of a democratic Burma to provide them the higher education denied to them in their own country. On the Thai-Burma border, the goal of the education program is to provide basic quality education to Burmese refugees and migrants who have been displaced into Thailand.

**Humanitarian Assistance (\$2.1 million):** On the Thai-Burma border, U.S. humanitarian assistance provides crisis assistance and recovery programs to meet the primary health care needs of Burmese who have been displaced within eastern Burma, or into Thailand as illegal migrants or refugees. The Government of Thailand does not provide social or health services to these Burmese populations within Thailand. A portion of the Migration and Refugee Account (MRA) request will also go to funding the health, education and personal safety needs of migrant and refugee populations living along the Thai-Burma border.

Linkages with the President's Plan for AIDS Relief (PEPFAR): Burma will receive significant support for bilateral HIV/AIDS programs in FY 2008, with programmatic emphasis on a range of interventions related to care, treatment, and prevention. Swaziland will also receive PEPFAR resources for HIV/AIDS outside of the Foreign Operations appropriations. In FY 2008, \$1 million of USAID funding is planned for HIV/AIDS with GHAI amounts to be determined at a later date.

### Request by Element

(\$ in Thousands)	2006 Actual	2007 Estimate	2008 Request
<b>TOTAL</b>	10,890	*	4,630
Peace & Security	400	*	0
Transnational Crime	400	*	0
Trafficking-in-Persons and Migrant Smuggling	400	*	0
Governing Justly & Democratically	4,171	*	550
Rule of Law and Human Rights	2,965	*	300
Constitutions, Laws, and Legal Systems	100	*	250
Human Rights	2,844	*	50
Program Support (Rule of Law)	21	*	0
Civil Society	1,206	*	250
Civic Participation	125	*	200
Media Freedom and Freedom of Information	1,022	*	50
Program Support (Civil Society)	59	*	0
Investing in People	1,732	*	2,025
Health	0	*	1,040
HIV/AIDS	0	*	1,040
Education	1,732	*	985
Basic Education	1,482	*	735
Higher Education	250	*	250
Humanitarian Assistance	4,587	*	2,055
Protection, Assistance and Solutions	4,587	*	2,055
Crisis Assistance and Recovery	4,327	*	1,932
Program Support (Protection)	260	*	123

### Statement of Changes

The FY 2008 funding request for Burma reflects a \$6.3 million decrease from the FY 2006 appropriated level. Funds for the following programs decrease: human rights, media freedom, basic education, and crisis assistance and recovery, while funds for constitutions, laws, and legal systems; civic participation; and 3.1.1 HIV/AIDS increase. These changes are intended to maintain support for key civil society and health initiatives within Burma and for Burmese refugees in Thailand.



**CAMBODIA**  
Developing

**Obstacles and Opportunities for Advancing Transformational Diplomacy**

Cambodia currently enjoys a level of peace and security not seen in more than a generation, but remains one of the poorest countries in the world and is engaged in a difficult transition to democratic governance. Cambodia's weak rule of law, rampant corruption and weak institutions are major challenges to Cambodia's democratic and economic growth. While political opposition plays a role in the country's political affairs, the ruling party maintains firm control of all branches of the government. Local elections are scheduled for 2007, and a national election in 2008. Cambodia's health and education systems were decimated during the reign of the Khmer Rouge (1975-1979) and subsequent Vietnamese involvement. This legacy, along with high levels of corruption, continues to undermine the country's social and economic development as reflected in poor human development indicators. With more than half of Cambodia's growing population under the age of 25, programs to improve child health, strengthen the education system, combat the spread of HIV/AIDS, increase youth participation in the political process and expand economic opportunities are important priorities.

Accessible educational systems, a skilled, healthy labor force, and an informed electorate are vital for expanding economic and political development. However, underlying economic weaknesses remain. Economic opportunity and competitiveness are retarded by corruption, and the lack of enabling environment and legal protections for investors. Women contribute substantially to the economy, comprising most of the garment sector workforce, but are underrepresented in economic decision-making and the political arena. Poor governance and corruption degrade natural resources and contribute to local-level land conflicts. Unless systemic improvements are made, anticipated gains from oil and gas development could generate further corruption and disenfranchisement.

**Resources to Help Advance Transformational Diplomacy**

**Request by Objective**

(\$ in thousands)	2006 Actual	2007 Estimate	2008 Request
Peace & Security	6,044	*	2,980
Governing Justly & Democratically	15,882	*	7,725
Investing in People	30,536	*	25,756
Economic Growth	2,471	*	4,445
<b>Total</b>	<b>54,933</b>	<b>*</b>	<b>40,906</b>

**Request by Account**

(\$ in thousands)	2006 Actual	2007 Estimate	2008 Request
Child Survival and Health	28,556	*	24,700
Development Assistance	5,483	*	1,056
Economic Support Fund	14,850	*	12,170
Foreign Military Financing	990	*	200
International Military Education & Training	54	*	70
International Narcotics Control and Law Enforcement	0	*	200
Nonproliferation, Antiterrorism & Demining	5,000	*	2,510
<b>Total</b>	<b>54,933</b>	<b>*</b>	<b>40,906</b>
Peace Corps	1081	*	1379

**Peace and Security (\$3 million):** With the easing of restrictions on military assistance to Cambodia in 2006, the U.S. will assist with weapons destruction programs, as well as clearing landmines while responding positively to a long-standing Cambodian request for assistance to improve its military's capability to interdict and deter a myriad of potent transnational threats from across its porous borders.

**Governing Justly and Democratically (\$7.7 million):** Cambodia would benefit from strong and independent democratic institutions -especially the judiciary - to strengthen the rule of law and build a framework for lasting democracy. U.S. assistance will support a wide-ranging set of activities to redress the current culture of impunity associated with corruption, political rights and civil liberties. By enhancing transparency and accountability in government, fighting corruption and strengthening civil society's ability to influence national and local public policies, U.S. assistance will address Cambodia's major obstacles prohibiting advancement to the Transforming Country level.

**Investing in People (\$25.8 million):** Without improved health care and control of preventable infectious diseases that sap the population or an education system that prepares Cambodia's youth for the workplace, Cambodia will lack the human capital to sustain economic or democratic growth. The FY 2008 request prioritizes Health (\$24.7 million) to continue a successful program to reduce the prevalence and impact of HIV/AIDS, and scale up health interventions that contribute to significant and measurable reductions in mortality, especially for women and children. Education funds (\$1.1 million) will be used to combat corruption in the education sector.

Linkages with the President's Plan for AIDS Relief (PEPFAR): Cambodia will receive significant support for bilateral HIV/AIDS programs in FY 2008, with programmatic emphasis on a range of interventions related to care, treatment, and prevention. Cambodia will also receive PEPFAR resources for HIV/AIDS outside of the Foreign Operations appropriations.

**Economic Growth (\$4.4 million):** To support the policy priority of economic reform and growth, these funds will improve Private Sector Competitiveness (\$2.5 million) by addressing governance and rule of law issues such as the need for commercial law reform and alternative dispute resolution, improving productivity in key sectors, and fostering private sector demand for policy, legal, and regulatory reforms. New Economic Opportunities (\$2 million) will be created by increasing access to business services, strengthening productivity, and improving the business enabling environment for small and micro-enterprises.

### Request by Element

(\$ in Thousands)	2006 Actual	2007 Estimate	2008 Request
<b>TOTAL</b>	54,933	*	40,906
Peace & Security	6,044	*	2,980
Stabilization Operations and Security Sector Reform	6,044	*	2,780
Operations Support	990	*	200
Explosive Remnants of War (ERW)	5,000	*	2,510
Defense, Military, and Border Restructuring, Reform and Operations	54	*	70
Counter-Narcotics	0	*	200

(\$ in Thousands)	2006 Actual	2007 Estimate	2008 Request
Interdiction	0	*	200
<b>Governing Justly &amp; Democratically</b>	<b>15,882</b>	<b>*</b>	<b>7,725</b>
Rule of Law and Human Rights	7,776	*	2,000
Justice System	882	*	846
Human Rights	6,042	*	846
Program Support (Rule of Law)	852	*	308
<b>Good Governance</b>	<b>3,289</b>	<b>*</b>	<b>3,725</b>
Local Government and Decentralization	1,021	*	1,852
Anti-Corruption Reforms	1,968	*	1,507
Program Support (Governance)	300	*	366
<b>Political Competition and Consensus-Building</b>	<b>4,000</b>	<b>*</b>	<b>500</b>
Elections and Political Processes	3,795	*	224
Political Parties	0	*	224
Program Support (Political Competition)	205	*	52
<b>Civil Society</b>	<b>817</b>	<b>*</b>	<b>1,500</b>
Civic Participation	755	*	1,305
Program Support (Civil Society)	62	*	195
<b>Investing in People</b>	<b>30,536</b>	<b>*</b>	<b>25,756</b>
Health	28,556	*	24,700
HIV/AIDS	14,652	*	11,000
Tuberculosis	2,970	*	2,000
Malaria	1,479	*	0
Other Public Health Threats	1,337	*	1,337
Maternal and Child Health	5,148	*	7,363
Family Planning and Reproductive Health	2,970	*	3,000
Education	1,980	*	1,056
Basic Education	1,980	*	1,056
<b>Economic Growth</b>	<b>2,471</b>	<b>*</b>	<b>4,445</b>
Private Sector Competitiveness	1,221	*	2,495
Business Enabling Environment	561	*	940
Private Sector Productivity	583	*	1,405
Program Support (Private Sector)	77	*	150
<b>Economic Opportunity</b>	<b>1,250</b>	<b>*</b>	<b>1,950</b>
Policy Environment for Micro and Small Enterprises	571	*	894
Strengthen Microenterprise Productivity	571	*	894
Program Support (Econ Opportunity)	108	*	162

### Statement of Changes

Funding for Cambodia has decreased from FY 2006 levels in all accounts. There have been increases in private sector competitiveness, economic opportunity program areas, and also in the maternal/child health, local governance and civic participation elements. Trade-off decreases in political processes, human rights, HIV/AIDS, TB, malaria and demining programs were made. The funding increases are aimed at new openings in the economy and with the government, while the decreases are largely associated with the Cambodian government's success in addressing those areas.

## CHINA

### Obstacles and Opportunities for Advancing Transformational Diplomacy

The United States welcomes the rise of a confident, peaceful and prosperous China and has encouraged China to become a responsible stakeholder in the international system. The goal is a China that brings its practices into compliance with international standards, including in the areas of trade, non-proliferation and human rights, which shares the U.S. commitment to world peace and stability and to open markets, and cooperates on pressing global and regional issues. Such a China would provide significant positive contributions toward strengthening and shaping international institutions in ways supportive of U.S. policy goals. To date, China's strong economic opening and development have not been matched by political reform. The Communist Party maintains a monopoly on political power and limits the degree to which China moves toward rule of law and democracy. Transparency and accountability are still lacking at all levels of government. The environment for civil society and media to operate is tightly controlled. Despite these restrictions, the Chinese government will likely look for mechanisms to improve governance as social unrest and dislocation increase in China. The U.S. can take advantage of limited openings to foster movement towards the rule of law, increase public participation in government decision making, and cultivate the growth of civil society as a means of introducing long-term changes in China.

### Resources to Help Advance Transformational Diplomacy

#### Request by Objective

(\$ in thousands)	2006 Actual	2007 Estimate	2008 Request
Governing Justly & Democratically	1,108	*	1,325
Investing in People	5,174	*	7,740
Economic Growth	2,628	*	225
<b>Total</b>	<b>8,910</b>	*	<b>9,290</b>

#### Request by Account

(\$ in thousands)	2006 Actual	2007 Estimate	2008 Request
Child Survival and Health	0	*	7,290
Development Assistance	4,950	*	0
Economic Support Fund	3,960	*	2,000
<b>Total</b>	<b>8,910</b>	*	<b>9,290</b>
Peace Corps	1,683	*	1,953

**Governing Justly and Democratically (\$1.3 million):** The U.S. plans to continue funding a resident legal advisor and support a small number of rule of law programs to encourage reform toward representative government, prepare elected leaders to hold public office, and develop effective and responsive local governance structures. The U.S. will strengthen the capacities of NGOs to act as agents of reform and enhance their overall operating environment. Focusing on the justice system in this manner will promote the rights of vulnerable populations in China, while simultaneously ameliorating judicial independence and the rule of law.

**Investing in People (\$7.8 million):** Most of this funding will help to combat HIV/AIDS in China. Programs supporting ethnic Tibetan communities in China will be continued, improving environmental conservation, and addressing community health needs.

Linkages with the President's Plan for AIDS Relief (PEPFAR): China will receive significant support for bilateral HIV/AIDS programs in FY 2008, with programmatic emphasis on a range of interventions related to care, treatment, and prevention. China will also receive PEPFAR resources for HIV/AIDS outside of the Foreign Operations appropriations. In FY 2008, \$7 million of USAID funding is planned for HIV/AIDS and \$3 million is planned for HHS/GAP with GHAI amounts to be determined at a later date.

**Economic Growth (\$0.2 million):** In Tibet, a program focusing on promoting and sustaining economic livelihoods provides education as well as skills training in areas that help ethnic Tibetans meet community needs and find jobs.

### Request by Element

(\$ in Thousands)	2006 Actual	2007 Estimate	2008 Request
<b>TOTAL</b>	8,910	*	9,290
Governing Justly & Democratically	1,108	*	1,325
Rule of Law and Human Rights	1,108	*	1,325
Justice System	1,108	*	1,207
Program Support (Rule of Law)	0	*	118
Investing in People	5,174	*	7,740
Health	2,402	*	7,290
HIV/AIDS	0	*	7,000
Other Public Health Threats	1,188	*	290
Water Supply and Sanitation	1,214	*	0
Education	1,188	*	225
Basic Education	1,188	*	225
Social and Economic Services and Protection for Vulnerable Populations	1,584	*	225
Social Services	1,584	*	0
Social Assistance	0	*	225
Economic Growth	2,628	*	225
Economic Opportunity	0	*	225
Strengthen Microenterprise Productivity	0	*	212
Program Support (Econ Opportunity)	0	*	13
Environment	2,628	*	0
Clean Productive Environment	2,600	*	0
Program Support (Environment)	28	*	0

### Statement of Changes

Funding for China has slightly increased from FY 2006 levels. There is a large increase in the HIV/AIDS element because China is a focus of the PEPFAR program. Corresponding decreases were made in elements related to other public health threats, water supply, basic education, social services to vulnerable populations, and clean environment. The decreases reflect the Chinese government's ability to address these concerns with its own resources and through other international assistance programs.

**EAST TIMOR**  
Transforming

**Obstacles and Opportunities for Advancing Transformational Diplomacy**

East Timor is the second newest country in the world as well as one of the poorest, with socio-economic indices among the worst in the world. As illustrated by recent violence and political instability, the transition of East Timor to stable democracy with a free and productive economy remains a considerable task and will require assistance to support substantial institution building. In order to advance the transformational diplomacy goal in East Timor, the United States will need to focus on reestablishing the basic functions of government, including the security services. U.S. foreign assistance focuses primarily on fostering economic growth and promoting democratic institutions, as well as reforming law enforcement institutions and the military to help East Timor meet its growing security challenges. The United States will coordinate closely with other major donors and the United Nations in order to maximize the collective resources in a way that can best stabilize East Timor and firmly place it on a more sustainable path.

**Resources to Help Advance Transformational Diplomacy**

**Request by Objective**

(\$ in thousands)	2006 Actual	2007 Estimate	2008 Request
Peace & Security	2,668	*	1,410
Governing Justly & Democratically	5,800	*	2,845
Investing in People	5,852	*	0
Economic Growth	7,820	*	5,795
Humanitarian Assistance	520	*	0
<b>Total</b>	<b>22,660</b>	<b>*</b>	<b>10,050</b>

**Request by Account**

(\$ in thousands)	2006 Actual	2007 Estimate	2008 Request
Economic Support Fund	18,810	*	8,640
Foreign Military Financing	990	*	0
International Military Education & Training	193	*	400
International Narcotics Control and Law Enforcement	1,485	*	1,010
Public Law 480 (Food Aid)	1,182**	*	0
<b>Total</b>	<b>22,660</b>	<b>*</b>	<b>10,050</b>
Peace Corps	827	*	0

\*\*FY 2006 includes \$1.182 million of P.L. 480 Title II emergency food aid. Emergency food aid has not been allocated to countries in FY 2008.

**Peace and Security (\$1.4 million):** The United States can best assist East Timor in establishing peace and security by focusing on stabilization operations and security sector reform. U.S. assistance will provide training to the security services to help them become more non-partisan, competent, and professional, in part to regain the trust and confidence of the Timorese people. Assuming East Timor re-establishes its law enforcement services, INCLE programming will emphasize assisting and advising the police in capacity and capability building and in organizational reform, and will incorporate crisis management and human rights training, in coordination with key donors and the UN mission.

**Governing Justly and Democratically (\$2.8 million):** U.S. efforts will work to strengthen the rule of law and human rights and support the development of civil society. The program in the rule of law and human rights area will help reform the fragmented justice system by strengthening oversight institutions; improving basic administration of justice institutions; enhancing civil society's capacity to monitor administration of justice and ensure that it is delivered fairly; and expand access to justice. Funds targeted at civil society development will support the freedom of expression by providing financial assistance to the independent media, which remains susceptible to political and financial hurdles.

**Economic Growth (\$5.8 million):** U.S. assistance will target agriculture, private sector competitiveness, and economic opportunity. The United States seeks to help East Timor implement landmark land legislation by supporting the development of a land tenure and titling system. This will improve the economic and investment climate, as well as facilitate the reconstruction effort and return of internally displaced persons to their homes. Assistance also seeks to improve private sector performance, particularly in the agricultural sector, where 80 percent of the population makes its living. Programs will strengthen links between farmers and their markets; transfer appropriate technologies to producers; diversify the agricultural base, with a particular focus on agro-forestry and livestock; strengthen small-scale enterprises in villages, particularly through the provision of business development services; and increase access to financial services. These programs will generate employment opportunities and thereby contribute to poverty reduction and stability.

#### Request by Element

(\$ in Thousands)	2006	2007	2008
	Actual	Estimate	Request
<b>TOTAL</b>	22,660	*	10,050
Peace & Security	2,668	*	1,410
Stabilization Operations and Security Sector Reform	2,668	*	1,410
Defense, Military, and Border Restructuring, Reform and Operations	1,183	*	400
Law Enforcement Restructuring, Reform and Operations	1,485	*	810
Program Support (Stabilization)	0	*	200
Governing Justly & Democratically	5,800	*	2,845
Rule of Law and Human Rights	1,300	*	2,070
Justice System	1,150	*	1,600
Program Support (Rule of Law)	150	*	470
Good Governance	1,130	*	0
Public Sector Executive Function	1,000	*	0
Program Support (Governance)	130	*	0
Political Competition and Consensus-Building	2,020	*	0
Elections and Political Processes	1,200	*	0
Political Parties	600	*	0
Program Support (Political Competition)	220	*	0
Civil Society	1,350	*	775
Media Freedom and Freedom of Information	1,200	*	600
Program Support (Civil Society)	150	*	175
Investing in People	5,852	*	0
Health	5,392	*	0
Malaria	1,650	*	0
Maternal and Child Health	3,742	*	0
Education	460	*	0
Basic Education	460	*	0

(\$ in Thousands)	2006 Actual	2007 Estimate	2008 Request
Economic Growth	7,820	*	5,795
Agriculture	2,645	*	1,830
Agricultural Sector Productivity	2,350	*	1,500
Program Support (Agriculture)	295	*	330
Private Sector Competitiveness	2,815	*	2,745
Business Enabling Environment	0	*	2,000
Private Sector Productivity	500	*	250
Workforce Development	2,000	*	0
Program Support (Private Sector)	315	*	495
Economic Opportunity	2,360	*	1,220
Inclusive Financial Markets	500	*	500
Strengthen Microenterprise Productivity	1,600	*	500
Program Support (Econ Opportunity)	260	*	220
Humanitarian Assistance	520	*	0
Protection, Assistance and Solutions	520	*	0
Crisis Assistance and Recovery	520	*	0

#### **Linkages with the Millennium Challenge Corporation (MCC)**

East Timor is eligible for MCC compact assistance.

#### **Statement of Changes**

The FY 2008 funding request for East Timor represents a decrease from FY 2006 appropriated levels. Changes in program areas reflect an emphasis of our foreign assistance on East Timor's transition to a stable democracy with a growing economy through key initiatives such as the program to develop a land tenure and titling system to improve the economic and investment climate and facilitate the return of persons displaced during recent unrest.



**FIJI**  
Developing

**Obstacles and Opportunities for Advancing Transformational Diplomacy**

Fiji has long suffered from a "coup culture," with four illegal changes of democratic governments in the past 19 years. The most recent coup took place in December 2006 when the commander of the Fiji military appointed himself acting President and dismissed the elected government. The United States has condemned the military's actions and its efforts to consolidate control in Fiji through the appointment of an "interim" cabinet, with Commodore Frank Bainimarama as "interim" Prime Minister. On December 19, the United States government announced that it was suspending assistance to the government of Fiji in accordance with section 508 of the Foreign Operations Appropriations Act until the President or Secretary of State determines that a democratically elected government has taken office.

**Resources to Help Advance Transformational Diplomacy**

**Request by Objective**

(\$ in thousands)	2006 Actual	2007 Estimate	2008 Request
Peace & Security	729	*	370
<b>Total</b>	<b>729</b>	<b>*</b>	<b>370</b>

**Request by Account**

(\$ in thousands)	2006 Actual	2007 Estimate	2008 Request
Foreign Military Financing	494	*	110
International Military Education & Training	235	*	260
<b>Total</b>	<b>729</b>	<b>*</b>	<b>370</b>
Peace Corps	1832	*	1768

**Peace and Security (\$0.4 million):** U.S. foreign assistance to Fiji, if it resumes due to a return to a democratically elected government, will remain focused on security. This focus is because of the importance the U.S. attaches to a professional, responsible Fijian military that recognizes its appropriate role in a democracy and that can participate in peacekeeping operations. The RFMF has launched an ambitious plan to modernize its forces to make them more capable and interoperable with other coalition militaries. Future U.S. assistance must also focus on ways to impress on the RFMF the need to remain subordinate to the elected civilian government.

**Request by Element**

(\$ in Thousands)	2006 Actual	2007 Estimate	2008 Request
<b>TOTAL</b>	729	*	370
Peace & Security	729	*	370
Stabilization Operations and Security Sector Reform	729	*	370
Immediate Protection of Civilians in Conflict	279	*	270
Defense, Military, and Border Restructuring, Reform and Operations	450	*	100

**INDONESIA**  
Developing

**Obstacles and Opportunities for Advancing Transformational Diplomacy**

The overarching U.S. foreign policy priority in Indonesia is to assist its transformation into a stable, moderate democracy capable of addressing regional and global challenges in partnership with the international community. A significant investment in Indonesia is critical to support reform efforts. The United States has the opportunity to enhance relations with the world's fourth-largest country, third-largest democracy and largest majority-Muslim nation. Under the leadership of pro-American, pro-democracy, pro-market, reform-minded President Yudhoyono, Indonesia is emerging as a dynamic democracy, playing a leadership role throughout Southeast Asia and the developing world. The Government of Indonesia has embarked on a broad range of good governance initiatives to include major economic, policy, military and bureaucratic reforms. The U.S. image in Indonesia received a boost from the tremendous U.S. response to the calamitous tsunami and earthquakes that devastated Aceh and from the normalization of bilateral military relations. Indonesia has become a strong partner in the war on terror.

The range of obstacles faced in Indonesia include active international terrorists; ethnic and separatist conflicts; weak institutions; high levels of corruption; poverty and underemployment; and low levels of education and poor health conditions among the Indonesian population.

**Resources to Help Advance Transformational Diplomacy**

**Request by Objective**

(\$ in thousands)	2006 Actual	2007 Estimate	2008 Request
Peace & Security	20,689	*	41,715
Governing Justly & Democratically	31,802	*	29,414
Investing in People	77,819	*	87,510
Economic Growth	26,858	*	27,000
<b>Total</b>	<b>157,168</b>	<b>*</b>	<b>185,639</b>

**Request by Account**

(\$ in thousands)	2006 Actual	2007 Estimate	2008 Request
Child Survival and Health	28,017	*	32,060
Development Assistance	33,199	*	60,950
Economic Support Fund	69,300	*	60,000
Foreign Military Financing	990	*	15,700
International Military Education & Training	938	*	974
International Narcotics Control and Law Enforcement	4,950	*	10,050
Nonproliferation, Antiterrorism & Demining	6,888	*	5,905
Public Law 480 (Food Aid)	12,886**	*	0
<b>Total</b>	<b>157,168</b>	<b>*</b>	<b>185,639</b>

\*\*FY 2006 includes \$2.998 million of P.L. 480 Title II emergency food aid. Emergency food aid has not been allocated to countries in FY 2008.

**Peace and Security (\$41.7 million):** The U.S. supports Indonesia's imperative to address both immediate and longer-term security threats through stabilization operations and security sector reform; conflict mitigation and response; addressing transnational crime; counter-terrorism;

enhancing strategic trade control systems; and combating weapons of mass destruction (WMD). Reestablishing full military-to-military relations in 2005 was a major step forward; supporting. Programs will strengthen Indonesia's capacity to respond to disasters and counter-terrorism issues. Support to the Indonesian military enhances command and control, increases the Navy's capacity to monitor strategic waterways, and strengthens the military's transport capability. Support to the National Police expands their ability to prevent and respond to crime and terrorism. Improving interoperability with the U.S., and multilateral cooperation, especially in the tri-border area between Mindanao, Sabah, and Sulawesi, are critical to eradicating the Southeast Asia terrorist threat. Indonesia will be eligible to receive Excess Defense Articles (EDA) in FY 2008 under Section 516 of the Foreign Assistance Act, which can be used to help meet equipment needs. Programs will continue to promote peace and reconciliation work underway in strategic areas. Programs also will help to combat illegal logging and other natural resource management challenges that intensify conflict. Programs will address also trafficking in persons and migrant smuggling.

**Governing Justly and Democratically (\$29.4 million):** After over 30 years of authoritarian rule, Indonesia has emerged as the world's third-largest democracy. Assistance will strengthen the justice and legislative sectors; support civil society; strengthen respect for human rights; address corruption; strengthen participatory, transparent, accountable governance at both the national and local levels; and promote civic dialogue and participation that ensures a democratic legal framework. Support for a free and fair Presidential election in 2009 will be crucial to a consolidation of democracy in Indonesia. Governance and democracy programs will directly impact continued democratic transition.

**Investing in People (\$87.6 million):** Basic services will be targeted, including basic and higher education, health and clean water programs. The cornerstone Investing in People program is an investment in the Indonesian people through President Bush's six-year initiative to improve the quality of education. The initiative introduces critical concepts missing in Indonesian education, most notably promotion of critical thinking in classrooms; in-service training for teachers in math, science and reading; active community and parental participation to strengthen governance of the education system; relevant work and life skills for youth to better compete for jobs in the future; and enhanced higher education exchanges to the U.S. and English language learning opportunities. The education program reaches into Islamic madrassah, and other private schools. Investing in People programs will also improve access to quality services for mothers and children; will ensure households adopt adequate health and hygiene practices; and will focus on major communicable diseases, including HIV and TB.

**Linkages with the President's Plan for AIDS Relief (PEPFAR):** Indonesia will receive significant support for bilateral HIV/AIDS programs in FY 2008, with programmatic emphasis on a range of interventions related to care, treatment, and prevention. In FY 2008, \$8.3 million of USAID funding is planned for HIV/AIDS with GHAI amounts to be determined at a later date.

**Economic Growth (\$27 million):** Increased productivity, income and prosperity are key to Indonesia's future economic success and to continued support for its broader reform efforts. Indonesia cannot resolve threats from radicalism and communal strife and respond to natural disasters and disease without a healthy economy. Programs will promote greater transparency and combat corruption, leading to an improved trade and investment climate, financial sector safety and soundness, and increased private sector competitiveness. Economic governance institutions in partnership with the private sector and civil society will also be strengthened. Promoting a healthy environment to help assure sustainable growth, natural resources management and biodiversity conservation is also a key component of this objective.

## Request by Element

(\$ in Thousands)	2006 Actual	2007 Estimate	2008 Request
<b>TOTAL</b>	157,168	*	185,639
Peace & Security	20,689	*	41,715
Counter-Terrorism	6,888	*	5,415
Deny Terrorist Sponsorship, Support and Sanctuary	0	*	1,215
Governments' Capabilities	6,055	*	4,200
Program Support (Counter-Terrorism)	833	*	0
Combating Weapons of Mass Destruction (WMD)	0	*	490
Counter WMD Proliferation and Combat WMD Terrorism	0	*	490
Stabilization Operations and Security Sector Reform	5,878	*	23,974
Defense, Military, and Border Restructuring, Reform and Operations	1,928	*	16,674
Law Enforcement Restructuring, Reform and Operations	3,950	*	6,675
Program Support (Stabilization)	0	*	625
Counter-Narcotics	500	*	500
Interdiction	500	*	500
Transnational Crime	2,407	*	818
Financial Crimes and Money Laundering	1,512	*	0
Trafficking-in-Persons and Migrant Smuggling	685	*	645
Program Support (Crime)	210	*	173
Conflict Mitigation and Reconciliation	5,016	*	10,518
Conflict Mitigation	3,500	*	6,797
Peace and Reconciliation Processes	1,186	*	3,100
Program Support (Conflict)	330	*	621
Governing Justly & Democratically	31,802	*	29,414
Rule of Law and Human Rights	1,968	*	5,450
Justice System	1,367	*	4,627
Human Rights	500	*	700
Program Support (Rule of Law)	101	*	123
Good Governance	25,191	*	16,971
Legislative Function and Processes	7,800	*	2,550
Local Government and Decentralization	16,103	*	13,800
Program Support (Governance)	1,288	*	621
Political Competition and Consensus-Building	1,936	*	5,269
Elections and Political Processes	800	*	4,028
Political Parties	986	*	1,067
Program Support (Political Competition)	150	*	174
Civil Society	2,707	*	1,724
Civic Participation	2,557	*	1,550
Program Support (Civil Society)	150	*	174
Investing in People	77,819	*	87,510
Health	45,903	*	37,560
HIV/AIDS	7,920	*	8,300
Tuberculosis	2,970	*	3,000
Maternal and Child Health	27,043	*	20,760
Family Planning and Reproductive Health	2,970	*	0
Water Supply and Sanitation	5,000	*	5,500

(\$ in Thousands)	2006 Actual	2007 Estimate	2008 Request
Education	31,916	*	49,950
Basic Education	27,916	*	46,950
Higher Education	4,000	*	3,000
Economic Growth	26,858	*	27,000
Macroeconomic Foundation for Growth	975	*	0
Fiscal policy	975	*	0
Trade and Investment	4,232	*	7,300
Trade and Investment Enabling Environment	0	*	6,890
Trade and Investment Capacity	4,123	*	0
Program Support (Trade)	109	*	410
Financial Sector	4,500	*	0
Financial Sector Enabling Environment	4,173	*	0
Program Support (Financial Sector)	327	*	0
Agriculture	2,481	*	0
Agricultural Enabling Environment	2,372	*	0
Program Support (Agriculture)	109	*	0
Private Sector Competitiveness	7,387	*	14,200
Business Enabling Environment	1,693	*	10,011
Private Sector Productivity	5,438	*	3,737
Program Support (Private Sector)	256	*	452
Environment	7,283	*	5,500
Natural Resources and Biodiversity	6,806	*	4,900
Clean Productive Environment	244	*	408
Program Support (Environment)	233	*	192

### **Linkages with the Millennium Challenge Corporation (MCC)**

In November 2006, USAID Indonesia and the Government of Indonesia signed a \$55 million, two-year agreement for Millennium Challenge Corporation (MCC) assistance, under the MCC Threshold Program, to be programmed and managed through USAID Indonesia. The Threshold Program is designed to assist Indonesia achieve MCC Compact eligibility status by undertaking activities in areas where Indonesia currently falls short as measured by indicators that MCC tracks. The Threshold Program was designed in coordination with the GOI, the U.S. Embassy Indonesia Country Team, other donors, and on-going USAID activities to ensure maximum collaboration and leveraging of resources.

A \$20 million immunization program will assist the Government to immunize at least 80% of children under the age of one for diphtheria, tetanus, and pertussis and 90% of children for measles. A \$35 million anti-corruption program includes implementation of court administrative reforms and greater judicial transparency, increased enforcement capabilities to fight money laundering, prosecution of cases of public corruption, and reduction of opportunities for corruption through the modernization of public procurement systems.

### **Statement of Changes**

Funding for Indonesia has increased from FY 2006 appropriated levels to the FY 2008 request level by 19%. The largest increase, in Peace and Security, reflects the normalization of military ties in 2005. Funding is increased to expand the Indonesia Education Initiative to improve the quality of basic education in Indonesia as a key part of the U.S. strategy to address the ongoing challenges of poverty and underemployment, and improve the quality of basic governmental services provided to the population.

**LAOS**  
Developing

**Obstacles and Opportunities for Advancing Transformational Diplomacy**

Laos faces a myriad of challenges in advancing to Transforming Country status. As a communist, one-party state that affords extremely limited political rights and civil liberties, Laos has significant gaps in the Governing Justly & Democratically category. It does not have an independent media and has limited control over corruption. Laos fares moderately better in the Investing in People and Economic Growth categories, but still struggles with inadequate infrastructure and limited governmental resources and capacity. Major avenues of U.S. cooperation with Laos have been in the areas of promoting peace and security. The Lao Government has been generally receptive to working with the U.S. in instituting reforms only in relation to economic development and some limited judicial reform.

**Resources to Help Advance Transformational Diplomacy**

**Request by Objective**

(\$ in thousands)	2006 Actual	2007 Estimate	2008 Request
Peace & Security	4,290	*	3,250
Governing Justly & Democratically	0	*	220
Investing in People	0	*	1,051
Economic Growth	0	*	50
<b>Total</b>	<b>4,290</b>	<b>*</b>	<b>4,571</b>

**Request by Account**

(\$ in thousands)	2006 Actual	2007 Estimate	2008 Request
Child Survival and Health	0	*	1,051
Economic Support Fund	0	*	470
International Military Education & Training	0	*	70
International Narcotics Control and Law Enforcement	990	*	1,580
Nonproliferation, Antiterrorism & Demining	3,300	*	1,400
<b>Total</b>	<b>4,290</b>	<b>*</b>	<b>4,571</b>

**Peace and Security (\$3.3 million):** Our highest foreign policy priority in Laos is promoting democracy and freedom. However, in view of the limited opportunities given to us by the Lao to do so, the U.S. takes advantage of the cooperation the two countries enjoy in other areas to promote the democracy and freedom agenda indirectly. To this end, the bulk of foreign assistance will be dedicated to programs that promote peace and security. The FY 2008 request for the Peace and Security objective will support three Program Areas: Stabilization Operations and Security Sector Reform (\$1.5 million), aimed at removing unexploded ordnance and providing English-language training and orientation visits for Lao defense officials; Transnational Crime (\$0.2 million), focused on combating the trafficking of persons; and Counter-Narcotics (\$1.6 million), aimed at providing assistance to villagers who are at high risk of reverting to poppy production and strengthening local law enforcement capacity to deal with the growing threat of methamphetamine trafficking.

**Investing in People (\$1.1 million):** The entire FY 2008 request for Laos in this area will be used to increase local capacity for a sustainable response to public health threats other than HIV/AIDS, TB or malaria.

**Governing Justly and Democratically (\$0.2 million):** Recognizing the Lao sensitivity toward democracy and governance programs, the FY 2008 request is limited to: Rule of Law and Human Rights (\$0.1 million) that continues to build on ongoing efforts aimed at improving the justice system and Civil Society (\$0.1 million) that is a new initiative seeking to expand the oversight capacity of the National Assembly.

**Economic Growth (\$0.1 million):** The FY 2008 request continues support for Laos to improve its trade and investment environment, enabling Laos to better take advantage of the U.S. - Laos Bilateral Trade Agreement and to move forward toward accession to the World Trade Organization.

### Request by Element

(\$ in Thousands)	2006 Actual	2007 Estimate	2008 Request
<b>TOTAL</b>	4,290	*	4,571
Peace & Security	4,290	*	3,250
Stabilization Operations and Security Sector Reform	3,300	*	1,470
Explosive Remnants of War (ERW)	2,970	*	1,400
Defense, Military, and Border Restructuring, Reform and Operations	0	*	70
Program Support (Stabilization)	330	*	0
Counter-Narcotics	990	*	1,580
Alternative Development and Alternative Livelihoods	440	*	500
Interdiction	50	*	300
Drug Demand Reduction	25	*	100
Program Support (Narcotics)	475	*	680
Transnational Crime	0	*	200
Trafficking-in-Persons and Migrant Smuggling	0	*	200
Governing Justly & Democratically	0	*	220
Rule of Law and Human Rights	0	*	120
Justice System	0	*	120
Good Governance	0	*	100
Legislative Function and Processes	0	*	100
Investing in People	0	*	1,051
Health	0	*	1,051
Other Public Health Threats	0	*	1,051
Economic Growth	0	*	50
Trade and Investment	0	*	50
Trade and Investment Enabling Environment	0	*	50

### Statement of Changes

Funding for Laos increased slightly from FY 2006. Changes within the program were new activities in justice systems, and trafficking in persons, with a corresponding decrease in demining activities. These shifts were aimed at new opportunities with the government of Laos in key areas of mutual interest.

**MALAYSIA**  
Sustaining Partnership

**Obstacles and Opportunities for Advancing Transformational Diplomacy**

The United States has a valuable opportunity to build a more cooperative relationship with Malaysia, a key Muslim-majority state in Southeast Asia and an important contributor to conflict resolution and peacekeeping both regionally and internationally. Prime Minister Abdullah Badawi has abandoned the often shrill anti-American rhetoric of his predecessor Mahathir Mohamad and values Malaysia's expanding partnership with the United States. Key opportunities for transformational diplomacy include enhancing the capability of Malaysia to combat terrorist activities, halt WMD proliferation and work with its neighbors to guarantee the security of critical maritime areas.

Southeast Asia has been accurately dubbed the second front in the war on terrorism. International terrorist organizations, most notably Jemaah Islamiyah (JI), operate throughout the region and use Malaysia for planning and fundraising. Malaysia's rapidly developing high-technology sector is a potential resource for illicit activity, as demonstrated by a Malaysian company's role producing centrifuge components for the A.Q. Khan nuclear proliferation network. Malaysia borders two critical maritime areas: the Strait of Malacca and the Sulu and Sulawesi seas. Ensuring the safety of these important waterways is fundamental to the security of Southeast Asia and the stability of the global economy. Malaysia also shares a land border with southern Thailand, where Muslim insurgents have waged a multi-year campaign of violence, making border security in that area a concern as well.

U.S. investments so far have yielded some encouraging results. Malaysia is moving aggressively against terrorists, having adopted a tough set of anti-terror laws, and shares critical information with the United States. Largely as a result of U.S. urging, Malaysia has formalized its nonproliferation commitment by acceding to the IAEA Additional Protocol, adopting the Chemical Weapons Convention and working with the United States on export controls, including the drafting of a comprehensive export control law that would be the basis for controlling the trade of materials that could benefit WMD programs. With U.S. encouragement, Malaysia has also established a coast guard, the Maritime Enforcement Agency, which is working to develop its operational capabilities.

**Resources to Help Advance Transformational Diplomacy**

**Request by Objective**

(\$ in thousands)	2006 Actual	2007 Estimate	2008 Request
Peace & Security	2,417	*	3,730
<b>Total</b>	<b>2,417</b>	<b>*</b>	<b>3,730</b>

**Request by Account**

(\$ in thousands)	2006 Actual	2007 Estimate	2008 Request
International Military Education & Training	891	*	920
International Narcotics Control and Law Enforcement	0	*	800
Nonproliferation, Antiterrorism & Demining	1,526	*	2,010
<b>Total</b>	<b>2,417</b>	<b>*</b>	<b>3,730</b>



**Peace and Security (\$3.7 million):** The primary focus of U.S. assistance in Malaysia is to pursue Peace and Security objectives. Funds support programs in four key areas: (1) Enhancing Government Capabilities in Counter-Terrorism (CT); (2) Assisting Defense, Military and Border Security Restructuring, Reform and Operations; (3) Countering WMD Proliferation and Combating WMD Terrorism; and (4) Enhancing Law Enforcement Restructuring, Reform and Operations. Antiterrorism assistance will further enhance Malaysian capabilities to prevent, investigate, and respond to terrorist incidents, including cyber-terrorism and WMD mass casualty incidents, as well as provide regional CT training in coordination with Malaysia's regional training center and other initiatives. Security assistance will provide critical training to Malaysian military and law-enforcement officials. Funds also will enhance maritime border security by providing training and equipment as part of the Border Control Assessment Initiative, focused on the critical Sulu and Sulawesi seas area. Finally, the priorities with respect to nonproliferation are to help Malaysia adopt and implement a comprehensive export control law, enhance its licensing process and further develop its enforcement capabilities.

#### Request by Element

(\$ in Thousands)	2006 Actual	2007 Estimate	2008 Request
<b>TOTAL</b>	2,417	*	3,730
Peace & Security	2,417	*	3,730
Counter-Terrorism	1,106	*	2,040
Deny Terrorist Sponsorship, Support and Sanctuary	281	*	750
Governments' Capabilities	825	*	1,290
Combating Weapons of Mass Destruction (WMD)	420	*	490
Counter WMD Proliferation and Combat WMD Terrorism	420	*	490
Stabilization Operations and Security Sector Reform	891	*	1,200
Defense, Military, and Border Restructuring, Reform and Operations	780	*	800
Law Enforcement Restructuring, Reform and Operations	111	*	400

#### Statement of Changes

Funding for Malaysia has increased from FY 2006 appropriated levels. The FY 2008 request contains an increase for counterterrorism and law enforcement restructuring, which is designed to help combat terrorist travel by providing Malaysia with a computerized watch-listing system at its major airports and border crossings. Further increases in Peace and Security reflect Malaysia's expanded participation in the Anti-Terrorism Assistance program, including through the Southeast Asia Regional Counterterrorism Center. These requested funds would strengthen Malaysian capabilities as a security partner and reinforce the positive trend in our bilateral relationship overall.

## MARSHALL ISLANDS

### Sustaining Partnership

#### Obstacles and Opportunities for Advancing Transformational Diplomacy

The major obstacles to the advancement of the Republic of the Marshall Islands' (RMI) are transparency and financial stability. The RMI has since 1986 received significant amounts of U.S. assistance through the Compact of Free Association. This compact was amended in 2003, with new provisions establishing greater oversight and mechanisms to stimulate economic self-sufficiency. Nonetheless, the RMI has lagged in economic development, and public sector hiring has outpaced that of the private sector. A small (in terms of population) nation with a massive Exclusive Economic Zone, the RMI is increasingly vulnerable to transnational threats.

#### Resources to Help Advance Transformational Diplomacy

##### Request by Objective

(\$ in thousands)	2006 Actual	2007 Estimate	2008 Request
Peace & Security	0	*	60
<b>Total</b>	<b>0</b>	<b>*</b>	<b>60</b>

##### Request by Account

(\$ in thousands)	2006 Actual	2007 Estimate	2008 Request
International Military Education & Training	0	*	60
<b>Total</b>	<b>0</b>	<b>*</b>	<b>60</b>

**Peace and Security (\$0.1 million):** U.S. funding will support the RMI Sea Patrol's efforts to increase its professionalism so that it can perform two vital maritime security functions: patrol the Kwajalein Atoll when the U.S. Army-Kwajalein Atoll/Reagan Test Site is performing operations; and increase the RMI's ability to patrol its own maritime boundaries, thereby enhancing the country's ability to deal with transnational crime.

##### Request by Element

(\$ in Thousands)	2006 Actual	2007 Estimate	2008 Request
<b>TOTAL</b>	0	*	60
Peace & Security	0	*	60
Stabilization Operations and Security Sector Reform	0	*	60
Immediate Protection of Civilians in Conflict	0	*	60

##### Statement of Changes

The FY 2008 request for the Marshall Islands reflects the first year of funding.

**MONGOLIA**  
Transforming

**Obstacles and Opportunities for Advancing Transformational Diplomacy**

Mongolia's transition to a market-oriented economy is far from complete, and many pressing development challenges remain. Reforms in the areas of economic privatization and rule of law are needed to enhance Mongolia's ability to attract long-term foreign investment and alleviate poverty. Mongolia's continued democratic and economic success hinges on its ability to tackle a series of governance issues, including establishment of greater accountability, transparency and anti-corruption measures. Mongolia must be able to protect its own borders and cooperate with its neighbors and regional partners to combat transnational crime and terrorism. The U.S. has an opportunity to assist Mongolia in advancing the transformational diplomacy goal by supporting the transition to free-market democracy while maintaining friendly, sustainable relations with its two neighbors, Russia and China.

**Resources to Help Advance Transformational Diplomacy**

**Request by Objective**

(\$ in thousands)	2006 Actual	2007 Estimate	2008 Request
Peace & Security	3,836	*	2,640
Governing Justly & Democratically	2,650	*	0
Economic Growth	4,775	*	6,200
<b>Total</b>	<b>11,261</b>	<b>*</b>	<b>8,840</b>

**Request by Account**

(\$ in thousands)	2006 Actual	2007 Estimate	2008 Request
Economic Support Fund	7,425	*	6,200
Foreign Military Financing	2,970	*	1,000
International Military Education & Training	866	*	970
International Narcotics Control and Law Enforcement	0	*	670
<b>Total</b>	<b>11,261</b>	<b>*</b>	<b>8,840</b>
Peace Corps	1747	*	1995

**Peace and Security (\$2.6 million):** U.S. security assistance will focus on defense, military, border security and law enforcement restructuring, reform, and operations, as well as trafficking in persons. U.S. efforts will assist Mongolia in building a brigade of international peacekeepers and developing a regional peacekeeping training center that can host bilateral and multilateral exercises that contribute to regional stability and confidence-building. Funding will also provide for oversight and execution of a detailed multi-year action program to implement security sector reform across the Mongolian Armed Forces.

**Economic Growth (\$6.2 million):** U.S. economic growth assistance will focus on encouraging increased private sector competitiveness, eliminating specific regulatory bottlenecks to private sector growth, and mitigating the impact of corruption on trade and private investment. Direct assistance to micro, small and medium-sized enterprises among rural communities and urban migrants will continue, helping to broaden Mongolia's economic base and reduce poverty. In addition, resources will help Mongolia introduce critical reforms in key strategic sectors (particularly energy). Assistance will also help Mongolia expand its competitiveness and implement tax, financial sector, and anti-corruption initiatives and education.

## Request by Element

(\$ in Thousands)	2006 Actual	2007 Estimate	2008 Request
<b>TOTAL</b>	11,261	*	8,840
Peace & Security	3,836	*	2,640
Counter-Terrorism	0	*	24
Governments' Capabilities	0	*	24
Stabilization Operations and Security Sector Reform	3,836	*	2,616
Operations Support	505	*	152
Defense, Military, and Border Restructuring, Reform and Operations	3,320	*	1,794
Law Enforcement Restructuring, Reform and Operations	0	*	670
Program Support (Stabilization)	11	*	0
Governing Justly & Democratically	2,650	*	0
Rule of Law and Human Rights	2,100	*	0
Justice System	2,000	*	0
Program Support (Rule of Law)	100	*	0
Good Governance	550	*	0
Legislative Function and Processes	100	*	0
Anti-Corruption Reforms	400	*	0
Program Support (Governance)	50	*	0
Economic Growth	4,775	*	6,200
Macroeconomic Foundation for Growth	400	*	0
Fiscal policy	350	*	0
Program Support (Macro Econ)	50	*	0
Trade and Investment	1,125	*	0
Trade and Investment Enabling Environment	300	*	0
Trade and Investment Capacity	725	*	0
Program Support (Trade)	100	*	0
Financial Sector	400	*	0
Financial Services	350	*	0
Program Support (Financial Sector)	50	*	0
Infrastructure	1,250	*	1,000
Modern Energy Services	1,200	*	1,000
Program Support (Infrastructure)	50	*	0
Private Sector Competitiveness	0	*	5,200
Business Enabling Environment	0	*	3,200
Private Sector Productivity	0	*	2,000
Economic Opportunity	1,600	*	0
Strengthen Microenterprise Productivity	1,500	*	0
Program Support (Econ Opportunity)	100	*	0

### Linkages with the Millennium Challenge Corporation (MCC)

Mongolia is currently involved in the final negotiations leading to a Compact with the MCC. The Compact is anticipated to be completed by late summer of 2007. The levels of funding are still unknown as the MCC has not made its final determinations on the programs to be funded under the Compact.

### Statement of Changes

Funding for Mongolia decreased from FY 2006 in key accounts such as ESF and FMF. In order to maintain impact with the reduced funding, programs are focusing on private sector competitiveness.

## NORTH KOREA

### Obstacles and Opportunities for Advancing Transformational Diplomacy

The Democratic People's Republic of Korea (DPRK)/North Korea is a highly centralized communist state with the fourth largest army in the world. In part due to the North Korean Government's focus on funding its military capabilities, North Korea's economy is an exceptionally weak performer. The country suffers from chronic food shortages. The North Korean Government maintains a rigid, closed society, largely disregarding the human rights of its citizens. Overall, the country is a destabilizing force in its region and in the wider global community. The United States is committed to a stable North Korea, wherein its citizens live in freedom and prosperity. In October 2004, Congress passed and the President signed the North Korean Human Rights Act, which supports human rights and democracy programs, programs to promote freedom of information, and measures to protect and assist refugees and human trafficking victims.

### Resources to Help Advance Transformational Diplomacy

#### Request by Objective

(\$ in thousands)	2006 Actual	2007 Estimate	2008 Request
Governing Justly & Democratically	0	*	2,000
<b>Total</b>	<b>0</b>	<b>*</b>	<b>2,000</b>

#### Request by Account

(\$ in thousands)	2006 Actual	2007 Estimate	2008 Request
Economic Support Fund	0	*	2,000
<b>Total</b>	<b>0</b>	<b>*</b>	<b>2,000</b>

**Governing Justly and Democratically (\$2 million):** There are select means for promoting democracy and human rights in North Korea. Defectors have expressed that access to balanced and non-propagandized information from abroad has been critical to their awakening about the realities of North Korea and subsequent desire to seek freedom. The United States seeks to empower independent defector voices, independent journalists and democracy activists. The U.S. also seeks to promote greater awareness about the human rights situation inside North Korea, and to support efforts to document the North's abuses.

#### Request by Element

(\$ in Thousands)	2006 Actual	2007 Estimate	2008 Request
<b>TOTAL</b>	<b>0</b>	<b>*</b>	<b>2,000</b>
Governing Justly & Democratically	0	*	2,000
Rule of Law and Human Rights	0	*	1,000
Human Rights	0	*	1,000
Civil Society	0	*	1,000
Media Freedom and Freedom of Information	0	*	1,000

#### Statement of Changes

The Administration did not request bilateral funding for North Korea in FY 2006.

## PAPUA NEW GUINEA

Developing

### Obstacles and Opportunities for Advancing Transformational Diplomacy

Papua New Guinea, which has the resources to be a viable state in the Pacific, is struggling due to weakened political institutions and the primacy of local political interests over national concerns, which have undermined governance and fostered corruption. Papua New Guinea's political landscape is characterized by shifting alliances and minimal party loyalty. The government's ability to deliver basic services has generally deteriorated. Papua New Guinea's already overwhelmed system of medical services is being further challenged by a serious and growing HIV/AIDS problem.

### Resources to Help Advance Transformational Diplomacy

#### Request by Objective

(\$ in thousands)	2006 Actual	2007 Estimate	2008 Request
Peace & Security	288	*	280
Investing in People	0	*	2,080
<b>Total</b>	<b>288</b>	<b>*</b>	<b>2,360</b>

#### Request by Account

(\$ in thousands)	2006 Actual	2007 Estimate	2008 Request
Child Survival and Health	0	*	2,080
International Military Education & Training	288	*	280
<b>Total</b>	<b>288</b>	<b>*</b>	<b>2,360</b>

**Investing in People (\$2.1 million):** Addressing the transnational threat of HIV/AIDS is an essential element of our transformational diplomacy effort. In Papua New Guinea there is a growing threat of HIV infection. Funding the Child Survival and Health programs directed towards HIV/AIDS aims to alleviate some of the threats. Papua New Guinea will receive significant support for bilateral HIV/AIDS programs in FY 2008, with programmatic emphasis on a range of interventions related to care, treatment, and prevention.

**Peace and Security (\$0.3 million):** Funding for Papua New Guinea focuses on defense, military, and border security restructuring, reform, and operations and will support the building of a more professional and better disciplined defense force. Funds will also enhance the Papua New Guinea Defense Force's border control and maritime security capabilities. Funds also aim to improve civil-security force relations.

### Request by Element

(\$ in Thousands)	2006 Actual	2007 Estimate	2008 Request
<b>TOTAL</b>	288	*	2,360
Peace & Security	288	*	280
Stabilization Operations and Security Sector Reform	288	*	280
Defense, Military, and Border Restructuring, Reform and Operations	288	*	280
Investing in People	0	*	2,080
Health	0	*	2,080
HIV/AIDS	0	*	2,080

### Statement of Changes

The budget greatly increases from the FY 2006 actual funding to the FY 2008 request, reflecting \$2 million to address HIV/AIDS issues. This reflects an effort to move country specific funding from regional programs to country programs. Funding for HIV/AIDS programs previously went to Papua New Guinea through regional funding mechanisms.

**PHILIPPINES**  
Transforming

**Obstacles and Opportunities for Advancing Transformational Diplomacy**

The major obstacles to the Philippines' advancement are lagging economic development, weak institutions of governance, corruption, and security and terrorism threats. Although it is rich in human and natural resources, economic development in the Philippines has lagged behind its East Asian neighbors. An estimated 42% of the population lives below the \$2 per day poverty line, with Muslim Mindanao constituting the most marginalized area of the country. Although significant peace, development, and security enforcement gains have been achieved, armed conflict, widespread corruption, weak rule of law, a persistent fiscal deficit, and poor economic competitiveness continue to undermine the effectiveness of governance. As the Philippines struggles to provide sufficient jobs, infrastructure, health services, and education for its rapidly growing population, it must also address the conditions that terrorists seek to exploit.

U.S. assistance can help the Philippines achieve the following goals: 1) Deny terrorists safe haven, encourage communities to make the choice against terrorism, and win the ideological battle against terrorism; 2) Support the peace process in the conflict-affected areas of Mindanao; 3) Ensure continued progress on governance issues by combating corruption, improving revenue administration, reducing the fiscal deficit, and promoting greater rule of law and judicial efficiency; 4) Support the transformation of the economy into one that can generate jobs for its increasing population, is more welcoming of foreign investment, more open to free trade, and increasingly able to protect intellectual property rights; 5) Help manage over-exploited and polluted forest, coastal, and marine resources vital to food security, human health, and economic growth; and 6) Reverse the deterioration in the education system in order to both spur competitiveness and economic growth and promote increased access to health and family planning services.

**Resources to Help Advance Transformational Diplomacy**

**Request by Objective**

(\$ in thousands)	2006 Actual	2007 Estimate	2008 Request
Peace & Security	40,824	*	19,563
Governing Justly & Democratically	13,171	*	8,100
Investing in People	36,170	*	31,391
Economic Growth	23,022	*	25,615
<b>Total</b>	<b>113,187</b>	<b>*</b>	<b>84,669</b>

**Request by Account**

(\$ in thousands)	2006 Actual	2007 Estimate	2008 Request
Child Survival and Health	24,651	*	17,510
Development Assistance	24,212	*	22,900
Economic Support Fund	24,750	*	25,996
Foreign Military Financing	29,700	*	11,100
International Military Education & Training	2,926	*	1,550
International Narcotics Control and Law Enforcement	1,980	*	1,150
Nonproliferation, Antiterrorism & Demining	4,968	*	4,463
<b>Total</b>	<b>113,187</b>	<b>*</b>	<b>84,669</b>
Peace Corps	2767	*	2753



**Peace and Security (\$19.6 million):** The U.S. can best assist the Philippines in establishing peace and security by focusing on stabilization operations and security sector reform, and conflict mitigation and response. With respect to stabilization operations and security sector reform, U.S. funds will actively support the institutional, long-term Philippine Defense Reform (PDR) program, while supporting and complementing Department of Defense-funded bilateral military exercises, and deploying the Joint Special Operations Task Force-Philippines, which is increasingly focused on the Sulu Archipelago, a region that continues to be vulnerable to terrorist activity. Funds will also help sustain counterterrorism capability and key support and logistics functions. In addition, funds will support the institutional development of the law enforcement and criminal justice system and build capacity to prevent, investigate, and successfully prosecute narcotics and other forms of transnational crime. In the area of Transnational Crime, the United States will support the Philippines' efforts to address financial crimes and money laundering and trafficking in persons. The multi-sectoral activities focused on conflict-affected areas of Mindanao (described below) also contribute to peace and security. Indeed, 60% of development resources go to Mindanao to help consolidate peace.

**Governing Justly and Democratically (\$8.1 million):** U.S. assistance will support programs in governance, the rule of law and human rights, and political competition and consensus building. Investments in governance will support democratic local governance and decentralization, as well as anti-corruption efforts at both local and national levels. In the area of rule of law and human rights, U.S. funds will work towards an equitable and more responsive justice system by ensuring equality before the law, fair trial standards, and other elements of procedural fairness and efficiency. As for political competition and consensus building, U.S. assistance will support more efficient and transparent elections and political processes.

**Investing in People (\$31.4 million):** The United States will continue assisting the Philippines in the critical areas of health and education. In health, U.S. assistance will be used to improve local government capacity to deliver basic education, maternal and child health, family planning, and TB services and improve the private sector's ability to provide quality health services to those who can afford to pay. All HIV/AIDS funds will be used to increase local capacity for HIV/AIDS surveillance and prevention. In water and sanitation, U.S. funds will help the Philippines to develop low-cost improvements to water and sanitation at the local level, particularly in Mindanao. Education programs will focus on equitable access to quality basic education in conflict-affected areas of Mindanao, especially at the elementary level. Education assistance also supports youth employability and livelihoods development, both critical for sustained economic growth in Mindanao.

**Economic Growth (\$25.6 million):** U.S. funding will focus on increasing private sector competitiveness by addressing constraints to trade and investment, as well as sustainable employment growth. U.S. assistance will also address the "gap" factors where the Philippines falls short in terms of regulatory quality, business environment, and foreign direct investment -- all of which are needed to improve the business climate to provide jobs. Programs in Mindanao will seek to spur the growth of micro-enterprises, improve economic infrastructure, increase agricultural productivity, and provide job-skills training. In the environment and energy sectors, U.S. funds will help the Philippines address threats to economic competitiveness due to the deterioration in natural resources, promote alternative energy generation and production, and support public-private sector partnerships to finance water-related infrastructure.

### Request by Element

(\$ in Thousands)	2006 Actual	2007 Estimate	2008 Request
<b>TOTAL</b>	113,187	*	84,669
Peace & Security	40,824	*	19,563
Counter-Terrorism	3,768	*	3,983
Deny Terrorist Sponsorship, Support and Sanctuary	0	*	483
Governments' Capabilities	3,768	*	3,500
Combating Weapons of Mass Destruction (WMD)	400	*	210
Counter WMD Proliferation and Combat WMD Terrorism	400	*	210
Stabilization Operations and Security Sector Reform	35,206	*	13,870
Destruction and Security of Conventional Weapons	600	*	270
Defense, Military, and Border Restructuring, Reform and Operations	32,626	*	12,650
Law Enforcement Restructuring, Reform and Operations	1,980	*	950
Counter-Narcotics	0	*	200
Interdiction	0	*	200
Transnational Crime	700	*	200
Financial Crimes and Money Laundering	200	*	0
Trafficking-in-Persons and Migrant Smuggling	500	*	200
Conflict Mitigation and Reconciliation	750	*	1,100
Conflict Mitigation	750	*	556
Peace and Reconciliation Processes	0	*	500
Program Support (Conflict)	0	*	44
Governing Justly & Democratically	13,171	*	8,100
Rule of Law and Human Rights	3,910	*	1,000
Justice System	3,342	*	0
Human Rights	500	*	1,000
Program Support (Rule of Law)	68	*	0
Good Governance	9,261	*	5,300
Public Sector Executive Function	3,548	*	3,767
Local Government and Decentralization	1,000	*	1,007
Anti-Corruption Reforms	4,410	*	0
Program Support (Governance)	303	*	526
Political Competition and Consensus-Building	0	*	1,800
Elections and Political Processes	0	*	1,756
Program Support (Political Competition)	0	*	44
Investing in People	36,170	*	31,391
Health	28,310	*	18,491
HIV/AIDS	990	*	1,000
Tuberculosis	3,465	*	3,910
Maternal and Child Health	4,356	*	7,131
Family Planning and Reproductive Health	15,840	*	5,200
Water Supply and Sanitation	3,659	*	1,250
Education	7,860	*	12,900
Basic Education	7,860	*	12,900
Economic Growth	23,022	*	25,615
Macroeconomic Foundation for Growth	0	*	1,000
Fiscal policy	0	*	1,000
Trade and Investment	1,705	*	0

(\$ in Thousands)	2006 Actual	2007 Estimate	2008 Request
Trade and Investment Enabling Environment	1,455	*	0
Trade and Investment Capacity	250	*	0
<b>Financial Sector</b>	<b>1,813</b>	<b>*</b>	<b>0</b>
Financial Services	1,813	*	0
<b>Infrastructure</b>	<b>5,274</b>	<b>*</b>	<b>7,775</b>
Modern Energy Services	3,560	*	1,618
Transport Services	1,104	*	5,387
Program Support (Infrastructure)	610	*	770
<b>Agriculture</b>	<b>500</b>	<b>*</b>	<b>3,000</b>
Agricultural Sector Productivity	467	*	2,933
Program Support (Agriculture)	33	*	67
<b>Private Sector Competitiveness</b>	<b>4,630</b>	<b>*</b>	<b>6,400</b>
Business Enabling Environment	0	*	4,544
Private Sector Productivity	1,500	*	0
Workforce Development	3,130	*	1,700
Program Support (Private Sector)	0	*	156
<b>Economic Opportunity</b>	<b>2,000</b>	<b>*</b>	<b>700</b>
Inclusive Financial Markets	2,000	*	0
Policy Environment for Micro and Small Enterprises	0	*	700
<b>Environment</b>	<b>7,100</b>	<b>*</b>	<b>6,740</b>
Natural Resources and Biodiversity	6,300	*	5,232
Clean Productive Environment	505	*	900
Program Support (Environment)	295	*	608

#### **Linkages with the Millennium Challenge Corporation (MCC)**

The Philippines recently initiated a two-year, \$21 million MCC threshold Program that focuses on fighting corruption and improving performance in the revenue administration agencies, and strengthening the Office of the Ombudsman (the office of the special prosecutor charged with trying corrupt government officials). The USG's ongoing work in countering corruption across government agencies, improving judicial efficiency by improving judicial procedures, improving public expenditure management, and boosting revenue collection all complement the efforts to be undertaken under the MCC Threshold Program.

#### **Statement of Changes**

The FY 2008 request represents a reduction from FY 2006 levels. Priority funding is focused on democracy and economic growth, particularly to consolidate peace in Mindanao.

**SAMOA**  
Transforming

**Obstacles and Opportunities for Advancing Transformational Diplomacy**

Although largely dependent on remittances from abroad, Samoa's parliamentary democracy, history of stability, gradual economic liberalization and embrace of the private sector have helped ensure that Samoa's economy is healthier than that of many other Pacific Island countries. Samoa is a signatory of the Treaty of Rome and the International Criminal Court and has not signed an Article 98 agreement with the United States. Therefore, Samoa is ineligible for Foreign Military Financing, grant Excess Defense Articles, or Economic Support Funds without a presidential waiver.

**Resources to Help Advance Transformational Diplomacy**

**Request by Objective**

(\$ in thousands)	2006 Actual	2007 Estimate	2008 Request
Peace & Security	0	*	40
<b>Total</b>	<b>0</b>	<b>*</b>	<b>40</b>

**Request by Account**

(\$ in thousands)	2006 Actual	2007 Estimate	2008 Request
International Military Education & Training	0	*	40
<b>Total</b>	<b>0</b>	<b>*</b>	<b>40</b>
Peace Corps	1368	*	1433

**Peace and Security (\$0.04 million):** Funding will help Samoa's police force develop an effective maritime law enforcement and surveillance capability. Funding would provide for training in basic coastal surveillance and sea-borne law enforcement skills in accordance with U.S. leadership doctrines, emphasizing civilian control. Department of Defense/Coast Guard training would contribute to broad-based economic growth in Samoa by assisting Samoa's maritime police patrol to strengthen enforcement of Samoa's maritime Exclusive Economic Zone and improve the safety of Samoa's fishing fleet.

**Request by Element**

(\$ in Thousands)	2006 Actual	2007 Estimate	2008 Request
<b>TOTAL</b>	<b>0</b>	<b>*</b>	<b>40</b>
Peace & Security	0	*	40
Stabilization Operations and Security Sector Reform	0	*	40
Immediate Protection of Civilians in Conflict	0	*	40

**Statement of Changes**

FY 2008 will be the second year of Peace and Security assistance requested for Samoa. The Administration did not request or receive funding for Samoa in FY 2006.

**SINGAPORE**  
Sustaining Partnership

**Obstacles and Opportunities for Advancing Transformational Diplomacy**

Singapore is one of the world's three busiest ports. Its status as a communications, transport, and financial hub for Southeast Asia makes it liable to exploitation by terrorists as well as by criminals moving goods, money, and people through the region. Singapore has taken strong action in the last several years to improve its controls on a range of sensitive goods and technologies, though aspects of its trade control regime still fall short of international best practices. Singapore has been on the forefront of efforts to improve travel document security, and participates enthusiastically in the Proliferation Security Initiative (PSI). Opportunities for transformational diplomacy in Singapore are based on perspectives it shares with the United States on many of the most important issues confronting both nations.

**Resources to Help Advance Transformational Diplomacy**

**Request by Objective**

(\$ in thousands)	2006 Actual	2007 Estimate	2008 Request
Peace & Security	140	*	725
<b>Total</b>	<b>140</b>	<b>*</b>	<b>725</b>

**Request by Account**

(\$ in thousands)	2006 Actual	2007 Estimate	2008 Request
Nonproliferation, Antiterrorism & Demining	140	*	725
<b>Total</b>	<b>140</b>	<b>*</b>	<b>725</b>

**Peace and Security (\$0.7 million):** Singapore's importance to regional communications, finance, and transportation gives it a key role to play in the effort to deter, detect and interdict the flow of weapons of mass destruction (WMD), their delivery systems, related technology, and advanced conventional weapons. As such, the focus of U.S. assistance will be to Control WMD and Counter WMD Proliferation. The U.S. must also help Singapore to bring its strategic trade control system into line with multilateral nonproliferation norms and to improve enforcement capabilities.

**Request by Element**

(\$ in Thousands)	2006 Actual	2007 Estimate	2008 Request
<b>TOTAL</b>	140	*	725
Peace & Security	140	*	725
Combating Weapons of Mass Destruction (WMD)	140	*	725
Counter WMD Proliferation and Combat WMD Terrorism	140	*	725

**Statement of Changes**

The FY 2008 request for Singapore will provide an overall increase of \$0.6 million from the FY 2006 appropriated level to combat the proliferation of WMD. This increase reflects Singapore's importance as a regional transport, communications and finance hub and the need to deter and interdict the movement of WMD. Funding would increase technical expertise to Singapore so that it can expand its controlled goods list and better identify and stop high-risk shipments.

## SOLOMON ISLANDS

Developing

### Obstacles and Opportunities for Advancing Transformational Diplomacy

The major obstacles to the Solomon Island's advancement are political instability and conflict. In 2000, the island of Guadalcanal became the center of a violent ethnic clash that subverted the police and other government institutions, destroying the country's export industries. Order was restored in 2003 with a large-scale police intervention, the Regional Assistance Mission Solomon Islands (RAMSI), which was led by Australia. Underlying social tensions remain unresolved and have contributed to an economic crisis, which has worsened chronic poverty and the already insufficient infrastructure. Some political leaders are attempting to undermine RAMSI efforts, focusing on local political interests above national concerns. The U.S. sees the potential to improve political and social stability by supporting the RAMSI intervention.

### Resources to Help Advance Transformational Diplomacy

#### Request by Objective

(\$ in thousands)	2006 Actual	2007 Estimate	2008 Request
Peace & Security	149	*	150
<b>Total</b>	<b>149</b>	<b>*</b>	<b>150</b>

#### Request by Account

(\$ in thousands)	2006 Actual	2007 Estimate	2008 Request
International Military Education & Training	149	*	150
<b>Total</b>	<b>149</b>	<b>*</b>	<b>150</b>
Peace Corps	22	*	27

**Peace and Security (\$0.2 million):** U.S. assistance focuses on defense, military, and border security restructuring, reform, and operations and will support strengthening the professionalism of the security forces - all key objectives of RAMSI and U.S. policy towards the Solomon Islands. In addition, the funds will help develop an effective maritime security capability.

#### Request by Element

(\$ in Thousands)	2006 Actual	2007 Estimate	2008 Request
<b>TOTAL</b>	149	*	150
Peace & Security	149	*	150
Stabilization Operations and Security Sector Reform	149	*	150
Defense, Military, and Border Restructuring, Reform and Operations	149	*	150

**TAIWAN**  
Sustaining Partnership

**Obstacles and Opportunities for Advancing Transformational Diplomacy**

The U.S. seeks to assist Taiwan in establishing export controls that meet international standards, and in improving adherence to trafficking in persons prohibitions in line with UN Protocols. Taiwan has the basic framework for an export control system, but the system falls far short of international standards. Taiwan's ability to enforce regulations designed to combat trafficking in persons and other transnational criminal activity is also in need of improvement. Through coordination on a comprehensive plan of action against human trafficking, the U.S. will assist Taiwan, currently a Tier Two country in the Trafficking in Persons Report, tackle one major activity of regional criminal networks.

**Resources to Help Advance Transformational Diplomacy**

**Request by Objective**

(\$ in thousands)	2006 Actual	2007 Estimate	2008 Request
Peace & Security	450	*	775
<b>Total</b>	<b>450</b>	<b>*</b>	<b>775</b>

**Request by Account**

(\$ in thousands)	2006 Actual	2007 Estimate	2008 Request
Economic Support Fund	0	*	200
Nonproliferation, Antiterrorism & Demining	450	*	575
<b>Total</b>	<b>450</b>	<b>*</b>	<b>775</b>

**Peace and Security (\$0.8 million):** U.S funding for export control enhancements will: 1) establish licensing processes so that technical experts, intelligence agencies and foreign policy officials are able to evaluate license applications with proliferation implications, and deny such applications when warranted, 2) provide enforcement agencies (such as Customs) with training and resources necessary to detect, identify and interdict unlicensed shipments as well as to prosecute violators, 3) establish an outreach program to make industry aware of controls and consequences of violating them. With respect to transnational crime, U.S. funds will assist law enforcement agencies in Taiwan to develop comprehensive plans to combat trafficking in persons, including by expanding prevention efforts. Funds will also allow NGOs to provide shelter for trafficking victims.

**Request by Element**

(\$ in Thousands)	2006 Actual	2007 Estimate	2008 Request
<b>TOTAL</b>	450	*	775
Peace & Security	450	*	775
Combating Weapons of Mass Destruction (WMD)	450	*	575
Counter WMD Proliferation and Combat WMD Terrorism	450	*	575
Transnational Crime	0	*	200
Trafficking-in-Persons and Migrant Smuggling	0	*	200

**THAILAND**  
Transforming

**Obstacles and Opportunities for Advancing Transformational Diplomacy**

Among the major challenges facing Thailand is the restoration of democracy in the wake of the September 2006 military coup that overthrew the duly-elected prime minister and continuing separatist violence in the ethnic Malay-Muslim southern provinces. The problem in the South has claimed many victims, raised human rights concerns, and caused tense trans-border relations with Malaysia. Other obstacles include corruption, low police investigative capacity, and weak judicial prosecutions which are also areas that the U.S. would like to help Thailand address. The U.S. Government is pushing for a return to democratic, civilian rule in the near term, and a shortened timetable for a new constitution and new elections. This budget request presumes that events in Thailand will include a return to democratic rule in 2007 that will allow us to continue our assistance to the Royal Thai Government.

In recent years, Thailand has played a leadership role by dispatching military units to Afghanistan and Iraq, sending military observers to Aceh to support the peace process there, and providing access to its military facilities for force projection, military exercises, and regional humanitarian relief. Thailand seeks to improve its ability to fight the Global War on Terrorism, in close partnership with the United States.

**Resources to Help Advance Transformational Diplomacy**

**Request by Objective**

(\$ in thousands)	2006 Actual	2007 Estimate	2008 Request
Peace & Security	8,833	*	6,500
Governing Justly & Democratically	990	*	0
Investing in People	0	*	1,040
<b>Total</b>	<b>9,823</b>	*	<b>7,540</b>

**Request by Account**

(\$ in thousands)	2006 Actual	2007 Estimate	2008 Request
Child Survival and Health	0	*	1,040
Economic Support Fund	990	*	0
Foreign Military Financing	1,485	*	500
International Military Education & Training	2,369	*	1,200
International Narcotics Control and Law Enforcement	990	*	2,300
Nonproliferation, Antiterrorism & Demining	3,989	*	2,500
<b>Total</b>	<b>9,823</b>	*	<b>7,540</b>
Peace Corps	2212	*	2278

**Peace and Security (\$6.5 million):** Given Thailand's key regional security and counterterrorism role, and given the challenges faced by the Thai Government in responding to violence in its southern provinces, targeted U.S. assistance in the security and law enforcement areas is the key to ensuring that the Thai Government has the tools to play an important and responsible role in the international system and domestically. In the area of stabilization operations and security sector reform, the United States will invest in operations support, border security and military



restructuring and reform. Assistance in law enforcement reform, restructuring, and operations will directly improve enforcement capabilities and support legal and legislative reform, anti-corruption measures, and regional border interdiction efforts. Counterterrorism assistance will focus on the Royal Thai Government's capabilities to address twin issues in Thailand of border security and improving counterterrorism capabilities. Finally, assistance will help to improve the capabilities to stem a wide range of elements associated with the proliferation of weapons of mass destruction.

**Investing in People (\$1.0 million):** A portion of the MRA request and the Burma request will go to funding the health, education and personal safety needs of migrant and refugee populations living along the Thai-Burma border.

Linkages with the President's Plan for AIDS Relief (PEPFAR): Thailand will receive significant support for bilateral HIV/AIDS programs in FY 2008, with programmatic emphasis on a range of interventions related to care, treatment, and prevention. Thailand will also receive PEPFAR resources for HIV/AIDS outside of the Foreign Operations appropriations.

### Request by Element

(\$ in Thousands)	2006 Actual	2007 Estimate	2008 Request
<b>TOTAL</b>	9,823	*	7,540
Peace & Security	8,833	*	6,500
Counter-Terrorism	3,729	*	2,100
Deny Terrorist Sponsorship, Support and Sanctuary	100	*	0
Governments' Capabilities	3,629	*	2,100
Combating Weapons of Mass Destruction (WMD)	160	*	400
Counter WMD Proliferation and Combat WMD Terrorism	160	*	400
Stabilization Operations and Security Sector Reform	4,844	*	4,000
Operations Support	2,369	*	1,200
Defense, Military, and Border Restructuring, Reform and Operations	1,485	*	500
Law Enforcement Restructuring, Reform and Operations	990	*	2,300
Transnational Crime	100	*	0
Financial Crimes and Money Laundering	100	*	0
Governing Justly & Democratically	990	*	0
Rule of Law and Human Rights	990	*	0
Human Rights	990	*	0
Investing in People	0	*	1,040
Health	0	*	1,040
HIV/AIDS	0	*	1,040

### Statement of Changes

The FY 2008 funding request for Thailand is a \$2.3 million decrease from FY 2006 actual levels. Funds have increased to respond to the HIV/AIDS epidemic as a part of the President's Emergency Plan for AIDS Relief. Peace and Security levels of funding for IMET and FMF have been reduced in order to accommodate increases in International Narcotics Control and Law Enforcement funding to help Thailand better respond to separatist violence in the ethnic Malay-Muslim southern provinces.

**TONGA**  
Developing

**Obstacles and Opportunities for Advancing Transformational Diplomacy**

Tonga is undergoing a political transformation as the monarchy weakens and popular calls for democracy strengthen. Failure to move quickly toward a more representative form of government contributed to the outbreak of devastating riots in the capital city in late 2006. Tonga is an active participant in regional peacekeeping operations, and has already deployed troops to Iraq and committed to deploy there again in 2007. Tonga is also a troop-contributing country to the Australian-led Regional Assistance Mission to the Solomon Islands and has plans to join United Nations' peacekeeping operations in future years.

**Resources to Help Advance Transformational Diplomacy**

**Request by Objective**

(\$ in thousands)	2006 Actual	2007 Estimate	2008 Request
Peace & Security	361	*	395
<b>Total</b>	<b>361</b>	<b>*</b>	<b>395</b>

**Request by Account**

(\$ in thousands)	2006 Actual	2007 Estimate	2008 Request
Foreign Military Financing	248	*	200
International Military Education & Training	113	*	195
<b>Total</b>	<b>361</b>	<b>*</b>	<b>395</b>
Peace Corps	1371	*	1258

**Peace and Security (\$0.4 million):** U.S. foreign assistance supports Tongan interoperability with Coalition forces in Iraq and enhances their readiness to participate in peacekeeping operations. U.S. assistance also focuses on peace and security through the support of defense, military, border security restructuring, reform, and operations, and support civil-security force relations.

**Request by Element**

(\$ in Thousands)	2006 Actual	2007 Estimate	2008 Request
<b>TOTAL</b>	<b>361</b>	<b>*</b>	<b>395</b>
Peace & Security	361	*	395
Stabilization Operations and Security Sector Reform	361	*	395
Immediate Protection of Civilians in Conflict	113	*	195
Defense, Military, and Border Restructuring, Reform and Operations	248	*	200

**VANUATU**  
Transforming

**Obstacles and Opportunities for Advancing Transformational Diplomacy**

Regional stability in the South Pacific is vital for promoting the viability of its fragile democratic states, and is therefore necessary to support transformational diplomacy. Weak governmental institutions and ethnic tensions leave these states chronically poor and their people largely without government services. Countries in the region lack the means to secure their often numerous and distant island chains. Although suffering from many of these challenges and the additional strains caused by ethnic tensions, Vanuatu's democratic institutions are an example to neighboring states.

**Resources to Help Advance Transformational Diplomacy**

**Request by Objective**

(\$ in thousands)	2006 Actual	2007 Estimate	2008 Request
Peace & Security	98	*	115
<b>Total</b>	<b>98</b>	<b>*</b>	<b>115</b>

**Request by Account**

(\$ in thousands)	2006 Actual	2007 Estimate	2008 Request
International Military Education & Training	98	*	115
<b>Total</b>	<b>98</b>	<b>*</b>	<b>115</b>
Peace Corps	2122	*	2195

**Peace and Security (\$0.1 million):** Funding for Defense, Military, and Border Restructuring, Reform, and Operations will help Vanuatu's police force develop an effective maritime law enforcement and surveillance capability. Funding will provide for training in basic coastal surveillance and sea-borne law enforcement skills in accordance with U.S. leadership doctrines, emphasizing civilian control. Assistance will also help improve force discipline and enhance effectiveness in regional peacekeeping and disaster relief efforts. Finally, training will contribute to broad-based economic growth in Vanuatu by assisting its maritime police patrol to strengthen enforcement of Vanuatu's maritime Exclusive Economic Zone.

**Request by Element**

(\$ in Thousands)	2006 Actual	2007 Estimate	2008 Request
<b>TOTAL</b>	98	*	115
Peace & Security	98	*	115
Stabilization Operations and Security Sector Reform	98	*	115
Defense, Military, and Border Restructuring, Reform and Operations	98	*	115

**Linkages with the Millennium Challenge Corporation (MCC)**

Vanuatu signed a five year compact agreement with MCC in 2006. The first installment of the \$65.69 million infrastructure project has been disbursed. The project is designed to improve transportation, trade, and tourism networks.

**VIETNAM**  
Developing

**Obstacles and Opportunities for Advancing Transformational Diplomacy**

Fundamental economic and social changes are reshaping Vietnam. Its January 2007 accession to the WTO will accelerate the reform process with a new focus on the compelling need to strengthen virtually every aspect of economic governance. While the Vietnamese Communist Party's preoccupation with regime stability continues to affect the pace of political and social change, Vietnam's leaders also understand they must confront the lack of government accountability and rampant corruption to retain the tacit consent of the people to govern. Top policy makers also understand that long-term, sustained economic progress will require a complete revision of Vietnam's economic and commercial legal framework and reform of the judiciary.

U.S. assistance programs outlined below are designed to build on significant past success in Vietnam, working to improve the framework of economic governance and addressing the consequences of war. U.S. and other international efforts to help improve governance and foster a healthy civil society will continue in FY 2008, including efforts to promote human rights and democracy. The U.S. - Vietnam bilateral relationship is growing rapidly, expanding into regional cooperation on terrorism, countering drugs and money laundering, as well as other security issues. In this environment, the confidence and trust Vietnamese officials have in U.S. program provides an opportunity to make a profound impact on Vietnam's overall political and economic direction over the coming years.

**Resources to Help Advance Transformational Diplomacy**

**Request by Objective**

(\$ in thousands)	2006 Actual	2007 Estimate	2008 Request
Peace & Security	3,819	*	1,315
Governing Justly & Democratically	95	*	800
Investing in People	33,114	*	87,700
Economic Growth	3,803	*	4,900
<b>Total</b>	<b>40,831</b>	*	<b>94,715</b>

**Request by Account**

(\$ in thousands)	2006 Actual	2007 Estimate	2008 Request
Development Assistance	3,818	*	0
Economic Support Fund	1,980	*	5,700
Global HIV/AIDS Initiative	31,214	*	87,700
International Military Education & Training	49	*	195
International Narcotics Control and Law Enforcement	0	*	200
Nonproliferation, Antiterrorism & Demining	3,770	*	920
<b>Total</b>	<b>40,831</b>	*	<b>94,715</b>

**Peace and Security (\$1.3 million):** Funding will be used to continue existing programs to eliminate explosive remnants of war, and other proposed programs support Vietnam's capacity to address international security challenges; for Defense, Military and Border Security

Restructuring, Reform, Operations to provide medical emergency, disaster response and English language training to prepare the Vietnamese military to participate in international peacekeeping operations in the future; for the control of WMD transit; and for counternarcotics interdiction to enhance law enforcement cooperation.

**Governing Justly and Democratically (\$0.8 million):** The U.S. continues efforts to persuade Vietnam to adopt internationally accepted norms in respecting human rights, religious freedom and democracy. The United States will allocate funds to further involve women in the democratic process, promote the rule of law, enhance government transparency, promote political openness and develop the institutional capacity of the National Assembly. While GVN sensitivities effectively limit our ability to establish democracy programs, the activities that the United States can finance provide a vital underpinning to the USG human rights/religious freedom strategy.

**Investing in People (\$87.7 million).** Linkages with the President's Plan for AIDS Relief (PEPFAR): Vietnam, a PEPFAR focus country, will receive significant support for bilateral HIV/AIDS programs in FY 2008. These funds will be used, under the leadership of the host country government, to scale up integrated prevention, care and treatment programs throughout the country. PEPFAR support is invested in partnerships to help the nation build its capacity for a sustainable response. Vietnam will also receive PEPFAR resources for HIV/AIDS outside of the Foreign Operations appropriations.

**Economic Growth (\$4.9 million):** A top U.S. priority in Vietnam is support for economic policies conducive to reform. Funds will be focused on trade and investment, as well as improving the business enabling environment to affect legal and regulatory reform, develop and extend economic governance reform, open and improve trade policy, and provide IPR training, focusing on judges and prosecutors. Programs will promote economic freedom, private sector development, transparency and rule of law by strengthening the institutional capacity of the private sector, civil society and the Vietnamese Government. Additionally, they aim to deepen long-term relations between Vietnamese and U.S. regulatory institutions such as the Securities and Exchange Commission and Federal Trade Commission.

### Request by Element

(\$ in Thousands)	2006 Actual	2007 Estimate	2008 Request
<b>TOTAL</b>	40,831	*	94,715
Peace & Security	3,819	*	1,315
Combating Weapons of Mass Destruction (WMD)	390	*	100
Counter WMD Proliferation and Combat WMD Terrorism	390	*	100
Stabilization Operations and Security Sector Reform	3,429	*	1,015
Explosive Remnants of War (ERW)	3,380	*	820
Defense, Military, and Border Restructuring, Reform and Operations	49	*	195
Counter-Narcotics	0	*	200
Interdiction	0	*	200
Governing Justly & Democratically	95	*	800
Rule of Law and Human Rights	95	*	300
Justice System	83	*	260
Program Support (Rule of Law)	12	*	40
Good Governance	0	*	500
Legislative Function and Processes	0	*	432
Program Support (Governance)	0	*	68

(\$ in Thousands)	2006 Actual	2007 Estimate	2008 Request
Investing in People	33,114	*	87,700
Health	31,444	*	87,700
HIV/AIDS	31,214	*	87,700
Avian Influenza	230	*	0
Social and Economic Services and Protection for Vulnerable Populations	1,670	*	0
Social Services	1,670	*	0
Economic Growth	3,803	*	4,900
Trade and Investment	1,670	*	3,100
Trade and Investment Enabling Environment	1,468	*	2,700
Program Support (Trade)	202	*	400
Agriculture	823	*	0
Agricultural Sector Productivity	750	*	0
Program Support (Agriculture)	73	*	0
Private Sector Competitiveness	1,310	*	1,800
Business Enabling Environment	1,151	*	1,624
Program Support (Private Sector)	159	*	176

#### **Statement of Changes**

Overall funding for Vietnam programs in FY 2008 would more than double FY 2006 appropriated levels due to the large increase in GHAI funds to support PEPFAR programming. In addition to the dramatic change in HIV/AIDS, among program elements, there would be an increase of \$1.1million in Economic Growth and \$0.7 million in Governing Justly and Democratically, and decreases of \$2.5 million humanitarian demining. These funding shifts redirect scarce resources to areas with the highest potential for long-term reform, supporting Vietnam's efforts to shift to a market economy system and focusing on legislation, reforming the legal system, building civil institutions, and fostering good governance and transparency.

**ASIA AND NEAR EAST REGIONAL**  
Regional

**Obstacles and Opportunities for Advancing Transformational Diplomacy**

The Asia and Near East (ANE) region faces a tremendous range of obstacles to greater economic and social development including: terrorism, narco/human-trafficking, high population growth, weak education and health systems, poor governance, corruption, unemployment, and environmental degradation. Overcoming these obstacles requires national, regional, and global efforts. The ANE Central program focuses on transnational and regional issues that cannot be adequately addressed through bilateral programs alone. ANE Central activities are designed to: advance regional and transnational development priorities that cross borders and cannot be addressed with bilateral programs; and increase the impact of ANE field programs through technical analysis, identification, and dissemination of best practices, and support field missions in program design, assessment, and outreach.

ANE Central activities contribute to objectives in East Asia and Pacific (EAP), South and Central Asia (SCA), and the Middle East and North Africa (NEA), but it is not possible to differentiate the allocation of funding among the three sub-regions since activities and staff may operate in one, more than one, or all sub-regions depending on the nature of the issue being addressed.

**Resources to Help Advance Transformational Diplomacy**

**Request by Objective**

(\$ in thousands)	2006 Actual	2007 Estimate	2008 Request
Peace & Security	0	*	225
Governing Justly & Democratically	450	*	1,025
Investing in People	11,579	*	5,440
Economic Growth	5,625	*	4,375
<b>Total</b>	<b>17,654</b>	<b>*</b>	<b>11,065</b>

**Request by Account**

(\$ in thousands)	2006 Actual	2007 Estimate	2008 Request
Child Survival and Health	6,386	*	2,870
Development Assistance	11,268	*	7,395
Economic Support Fund	0	*	800
<b>Total</b>	<b>17,654</b>	<b>*</b>	<b>11,065</b>

**Peace and Security (\$0.2 million):** ANE will provide technical expertise to help field missions and their partners adapt their programs to better address insecurity, conflict, and terrorism based on the latest research and field experience.

**Governing Justly & Democratically (\$1.0 million):** The most effective approaches to making national governments and public sector institutions more effective, efficient, and accountable to their citizens will be identified and piloted in interested countries. Activities are designed to counter the shortcomings in governance that hinder economic development and fuel corruption, extremism, and conflict.

**Investing in People (\$5.4 million):** In the health sector, ANE will continue to work primarily in countries where there is not USAID mission, or countries where the USAID mission has no HIV/AIDS program, to customize and apply the latest technologies and practices in HIV/AIDS prevention, care, and information management in response to the unique challenges of the epidemic in the ANE region. In FY 2008, ANE will supplement the bilateral programs in maternal and child survival and reproductive health by disseminating evidence-based best practices and, as needed, providing fora for practitioners to share them. These best practices include, for example, the use of zinc in the treatment and prevention of diarrhea. The goal is to reduce the timeframe in which these best practices become widely utilized in ANE field programs. For example, it took almost twenty years for vitamin A treatment to become widespread.

In the education sector, ANE will continue to support field missions with technical expertise in basic and higher education. This will include application of analysis on education interventions in post-crisis environments and best practices for promoting tolerance and moderation in countries with large Muslim populations. ANE will provide long-term training opportunities for future public and private sector leaders in interested countries. The program will develop innovative approaches to identifying potential future leaders, provide a centralized mechanism for country programs that would otherwise be unable to invest in this area, promote effective post-training reintegration and develop a system to track long term impact.

**Economic Growth (\$4.4 million):** ANE's Jobs for the 21st Century Initiative will promote workforce development and trade and investment in Asia and the Middle East. The program will identify and disseminate best practices in workforce development to serve as a foundation in the design and implementation of bilateral and regional efforts. Funds will also be used to support trade capacity building through a variety of approaches ranging from assistance for trade negotiations to overall policy reform.

In the agriculture sector, ANE activities will continue to support strategic alliances with Consultative Group for International Agricultural Research (CGIAR) institutions to improve the enabling environment for agriculture-led growth, increase rural employment, and connect underdeveloped countries to global markets. Attention will be placed on fostering new public-private partnerships to increase productivity and strengthen food security.

ANE's Blue Revolution initiative will increase access and transform water management and thereby improve security, prosperity, and health in the ANE region. The ANE central program, working in partnership with the USAID Middle East regional program (OMEP), will focus on stimulating transboundary, regional, and international interaction and cooperation, augmenting associated national water programs in the Middle East, and disseminating the best practices and lessons learned across the ANE region.

ANE will continue to promote best practices and regional collaboration in biodiversity conservation, natural resources management, and energy security across the ANE region. Working in partnership with the USAID Asia regional program (RDMA), ANE will focus on advancing the President's Initiative Against Illegal Logging in Asia and supporting implementation of the U.S.- Indonesia Memorandum of Understanding on illegal logging and associated trade.



### Request by Element

(\$ in Thousands)	2006 Actual	2007 Estimate	2008 Request
<b>TOTAL</b>	17,654	*	11,065
Peace & Security	0	*	225
Counter-Terrorism	0	*	225
Program Support (Counter-Terrorism)	0	*	225
Governing Justly & Democratically	450	*	1,025
Good Governance	225	*	800
Public Sector Executive Function	0	*	350
Program Support (Governance)	225	*	450
Civil Society	225	*	225
Program Support (Civil Society)	225	*	225
Investing in People	11,579	*	5,440
Health	7,186	*	4,040
HIV/AIDS	1,079	*	700
Other Public Health Threats	446	*	225
Maternal and Child Health	3,722	*	960
Family Planning and Reproductive Health	1,139	*	985
Water Supply and Sanitation	800	*	1,170
Education	4,393	*	1,400
Basic Education	4,168	*	800
Higher Education	225	*	600
Economic Growth	5,625	*	4,375
Trade and Investment	2,183	*	1,350
Trade and Investment Enabling Environment	773	*	900
Trade and Investment Capacity	530	*	0
Program Support (Trade)	880	*	450
Agriculture	525	*	925
Agricultural Enabling Environment	300	*	700
Program Support (Agriculture)	225	*	225
Private Sector Competitiveness	0	*	400
Workforce Development	0	*	400
Environment	2,917	*	1,700
Natural Resources and Biodiversity	1,562	*	500
Clean Productive Environment	380	*	525
Program Support (Environment)	975	*	675

**EAST ASIA AND PACIFIC REGIONAL**  
Regional

**Obstacles and Opportunities for Advancing Transformational Diplomacy**

The importance of multilateral cooperation and deepening regional economic integration in the Asia-Pacific region has significantly increased. The East Asia and Pacific region is the largest market for U.S. exports, accounting for \$575 billion - or some 64 percent - of total U.S. exports in 2005. U.S. economic concerns are accordingly considerable, including protection of intellectual property rights, adoption of standards, and enhancing market access. Strengthening U.S. participation in regional organizations to which the United States is a full member -- Asia Pacific Economic Cooperation (APEC) and Association of Southeast Asian Nations Regional Forum (ARF) -- and enhancing our partnership with the Association of Southeast Asian Nations (ASEAN) are essential means to effective U.S. political and economic engagement region wide.

A major terrorist threat exists in the East Asian and Pacific region from several Al Qaida-affiliated groups operating in SE Asia, mainly in the Philippines, Indonesia, and Malaysia. The United States can best assist the countries facing this terrorist threat through a targeted mix of bilateral and regional assistance aimed at boosting the capacity and political will needed to capture or kill the terrorists and at shaping public attitudes in support of tolerance and moderation and in opposition to violent extremism. The United States maintains valuable security relationships with some ASEAN members and works with them on matters of mutual concerns such as counterterrorism, maritime security, illegal narcotics and other international crime. U.S. assistance provides the means to pursue these mutual interests as well as offering support for broader engagement with the peoples and governments in the region.

**Resources to Help Advance Transformational Diplomacy**

**Request by Objective**

(\$ in thousands)	2006 Actual	2007 Estimate	2008 Request
Peace & Security	2,768	*	5,600
Governing Justly & Democratically	1,291	*	1,070
Investing in People	2,128	*	200
Economic Growth	22,513	*	22,385
Humanitarian Assistance	1,010	*	110
<b>Total</b>	<b>29,710</b>	<b>*</b>	<b>29,365</b>

**Request by Account**

(\$ in thousands)	2006 Actual	2007 Estimate	2008 Request
Economic Support Fund	28,710	*	25,760
Foreign Military Financing	0	*	2,465
International Narcotics Control and Law Enforcement	0	*	280
Nonproliferation, Antiterrorism & Demining	1,000	*	860
<b>Total</b>	<b>29,710</b>	<b>*</b>	<b>29,365</b>

**Peace and Security (\$5.6 million):** The U.S. will engage in a number of regional initiatives and partner with ASEAN, APEC and ARF to advance its peace and security objectives for the region.

For example, the United States will increase the capacity of ASEAN to fight terrorism, interdict narcotics trafficking, fight transnational crimes such as money laundering, and address trafficking in persons and migrant smuggling. With respect to non-proliferation of WMD and civil-military cooperation and maritime cooperation, the U.S. will support the institutional development of the ARF. Additionally, funds will support the activities of the U.S. Committee of the Council on Security and Cooperation in the Asia Pacific (CSCAP), capitalizing on the ARF's growing openness to CSCAP and other Track II organizations. The United States will work with APEC to help protect the region's food supply from acts of bioterrorism and deliberate contamination, address the threat of abuse of financial systems by terrorists and weapons of mass destruction (WMD) proliferation. The U.S. will further participate in the Regional Strategy Initiative (RSI) for Southeast Asia, which top priorities are denying physical safe haven to terrorist and attacking the ideology that generates terrorism, and support the Regional Maritime Security Program, focusing on building specific capacities in maritime surveillance, interdiction, and command and control.

**Governing Justly and Democratically (\$1.0 million):** The United States will assist ASEAN on governance issues that may include, but are not limited to, strengthening their constitutions, laws, and legal systems and addressing human rights, and will also encourage good governance by improving public sector executive function and anti-corruption reforms.

**Investing in People (\$0.2 million):** The U.S. provides technical assistance and capacity building to APEC to promote improvements in and greater access to basic education (including coordinating with the First Lady's K-12 education program), in particular to encourage English language training.

**Economic Growth (\$22.3 million):** Building on existing cooperation programs, the United States will work with ASEAN states to improve their trade and investment, financial sector and agricultural sector enabling environments, and enhance modern energy services. Specific activities will strengthen the policy environment for micro and small enterprises, and encourage inclusive economic law and property rights. The U.S. will contribute to the Developing Asian Institutions Fund to build the technical and policy capacity to ultimately achieve a Free Trade Area of the Asia-Pacific (FTAAP). The U.S. will also support The Economic Assistance Agreement associated with the 1987 Multilateral Fisheries Treaty (the "Treaty"), through which the U.S. assists the Forum Fisheries Agency (FFA), the only source of U.S. economic development assistance to the vast majority of the Pacific Islands.

**Humanitarian Assistance (\$0.1 million):** The U.S. will partner with ASEAN member countries to prepare regional disaster management plans, and will continue to provide assistance to ASEAN in capacity building, preparedness and planning for natural disasters.

### Request by Element

(\$ in Thousands)	2006 Actual	2007 Estimate	2008 Request
<b>TOTAL</b>	29,710	*	29,365
Peace & Security	2,768	*	5,600
Counter-Terrorism	485	*	1,525
Deny Terrorist Sponsorship, Support and Sanctuary	0	*	140
De-Legitimize Terrorist Ideology	0	*	150
Governments' Capabilities	485	*	1,220
Program Support (Counter-Terrorism)	0	*	15

(\$ in Thousands)	2006 Actual	2007 Estimate	2008 Request
Combating Weapons of Mass Destruction (WMD)	1,100	*	0
Counter WMD Proliferation and Combat WMD Terrorism	1,100	*	0
Stabilization Operations and Security Sector Reform	0	*	2,465
Operations Support	0	*	2,465
Counter-Narcotics	0	*	365
Interdiction	0	*	355
Program Support (Narcotics)	0	*	10
Transnational Crime	983	*	830
Financial Crimes and Money Laundering	300	*	350
Intellectual Property Theft, Corporate Espionage, and Cyber Security	350	*	350
Trafficking-in-Persons and Migrant Smuggling	333	*	100
Program Support (Crime)	0	*	30
Conflict Mitigation and Reconciliation	200	*	415
Peace and Reconciliation Processes	0	*	50
Preventive Diplomacy	200	*	360
Program Support (Conflict)	0	*	5
Governing Justly & Democratically	1,291	*	1,070
Rule of Law and Human Rights	100	*	220
Constitutions, Laws, and Legal Systems	0	*	200
Justice System	100	*	0
Program Support (Rule of Law)	0	*	20
Good Governance	500	*	715
Public Sector Executive Function	100	*	300
Anti-Corruption Reforms	300	*	350
Governance of the Security Sector	100	*	0
Program Support (Governance)	0	*	65
Political Competition and Consensus-Building	221	*	0
Elections and Political Processes	221	*	0
Civil Society	470	*	135
Civic Participation	470	*	25
Media Freedom and Freedom of Information	0	*	100
Program Support (Civil Society)	0	*	10
Investing in People	2,128	*	200
Health	1,793	*	0
HIV/AIDS	1,000	*	0
Avian Influenza	400	*	0
Other Public Health Threats	393	*	0
Education	200	*	200
Basic Education	200	*	200
Social and Economic Services and Protection for Vulnerable Populations	135	*	0
Social Services	135	*	0
Economic Growth	22,513	*	22,385
Trade and Investment	9,800	*	10,800
Trade and Investment Enabling Environment	600	*	1,400
Trade and Investment Capacity	9,200	*	9,400
Financial Sector	100	*	440
Financial Sector Enabling Environment	100	*	400
Program Support (Financial Sector)	0	*	40
Infrastructure	200	*	410
Modern Energy Services	200	*	400

(\$ in Thousands)	2006 Actual	2007 Estimate	2008 Request
Program Support (Infrastructure)	0	*	10
<b>Agriculture</b>	<b>200</b>	<b>*</b>	<b>210</b>
Agricultural Enabling Environment	100	*	200
Agricultural Sector Productivity	100	*	0
Program Support (Agriculture)	0	*	10
<b>Private Sector Competitiveness</b>	<b>9,400</b>	<b>*</b>	<b>9,400</b>
Business Enabling Environment	200	*	200
Private Sector Productivity	9,000	*	9,000
Workforce Development	200	*	200
<b>Economic Opportunity</b>	<b>500</b>	<b>*</b>	<b>635</b>
Inclusive Financial Markets	250	*	0
Policy Environment for Micro and Small Enterprises	0	*	300
Strengthen Microenterprise Productivity	250	*	275
Inclusive Economic Law and Property Rights	0	*	50
Program Support (Econ Opportunity)	0	*	10
<b>Environment</b>	<b>2,313</b>	<b>*</b>	<b>490</b>
Natural Resources and Biodiversity	1,230	*	50
Clean Productive Environment	1,083	*	400
Program Support (Environment)	0	*	40
<b>Humanitarian Assistance</b>	<b>1,010</b>	<b>*</b>	<b>110</b>
Disaster Readiness	1,010	*	110
Capacity Building, Preparedness, and Planning	1,010	*	100
Program Support (Disaster Readiness)	0	*	10

#### **Linkages with the Millennium Challenge Corporation (MCC)**

Currently, two APEC members, Indonesia and Philippines, are involved in Threshold Programs with the Millennium Challenge Corporation (MCC). When considering funding for the Developing Asian Institutions Fund, the United States will continue to evaluate complementarities with MCC programs, other U.S. foreign assistance programs and programs funded by other donors while seeking to avoid duplication or producing an adverse effect on other programs.

**REGIONAL DEVELOPMENT MISSION - ASIA**  
Regional

**Obstacles and Opportunities for Advancing Transformational Diplomacy**

The highly disparate countries of South and East Asia present challenges to regional governance, economic reform, and development. While some countries have experienced periods of sustained economic growth, the uneven distribution of gains has left out vulnerable populations. On the political front, terrorism is a growing concern. In addition, countries must address environmental concerns as the region continues to urbanize and industrialize. HIV/AIDS continues to be a critical problem and other infectious diseases, such as Avian Influenza, have already taken a serious toll on economies in the region.

USAID's Asia regional program focuses on transnational development priorities that cross borders and cannot be addressed solely with bilateral programs. This includes strengthening regional institutions to take the lead in tackling regional challenges. The regional program reduces the spread of HIV/AIDS and other infectious diseases; mitigates the regional and global environmental impacts of rapid industrialization and urbanization; conserves biodiversity; and promotes increased trade and U.S. access to Asian economic markets.

**Resources to Help Advance Transformational Diplomacy**

**Request by Objective**

(\$ in thousands)	2006 Actual	2007 Estimate	2008 Request
Peace & Security	1,500	*	0
Investing in People	21,798	*	11,550
Economic Growth	9,701	*	8,850
<b>Total</b>	<b>32,999</b>	*	<b>20,400</b>

**Request by Account**

(\$ in thousands)	2006 Actual	2007 Estimate	2008 Request
Child Survival and Health	18,941	*	8,850
Development Assistance	14,058	*	11,550
<b>Total</b>	<b>32,999</b>	*	<b>20,400</b>

**Investing in People (\$11.6 million):** The program works region-wide to control the spread of HIV, malaria, tuberculosis, and other infectious diseases and to mitigate the effects on individuals and their families throughout the region. Additionally, the program supports capacity building of regional institutions to strengthen regional responses to infectious diseases. A critical area of support is strategic information and monitoring and evaluation in the region.

Half of all Asians lack access to safe water, and two thirds are without access to basic sanitation, which has significant impacts on human health and productivity. The USAID Asia regional program will increase access to improved water and sanitation services in direct support of the Paul Simon Water for the Poor Act and the Sustainable City goals of the Association of Southeast Asian Nations (ASEAN).

**Economic Growth (\$8.9 million):** USAID will advance regional trade and investment by facilitating ASEAN's economic reform and integration process. USAID will strengthen ASEAN regional trade and investment capacity through regional supply chain development and cultivate a more favorable economic environment. USAID will facilitate significant improvements in the level of intra-regional trade and strengthen the ASEAN Secretariat by increasing its capacity to initiate, coordinate, and implement ASEAN development activities. Ultimately, USAID support to ASEAN will help narrow the development gap between member nations and achieve the realization of the ASEAN Economic Community by 2015.

USAID will fund environment programs that work across more than ten countries to address the transnational problems of global climate change, illegal logging, and conflicts over access to natural resources that can only be addressed successfully through a regional approach. Environmental governance issues and public participation are closely integrated into all environment programs. USAID will strengthen regional institutions to restore ecosystem connectivity in key regional biodiversity corridors; improve the livelihoods of the rural poor; strengthen environmental governance and institutions; improve forest management practices; promote the legal timber trade; reduce transboundary conflict; and strengthen overall regional cooperation on forest management, trade, and enforcement. USAID will also pilot policies and practices that will lead to increased investments in energy efficiency, renewable energy, and clean technologies. These activities will reduce greenhouse gas emissions and result in significant energy savings, while also addressing Asia's acute air pollution problems and improving energy security. In addition, USAID will pilot innovative policies and practices for strengthening environmental law enforcement by supporting the Asian Environmental Compliance Enforcement Network and ASEAN Wildlife Enforcement Network.

### Request by Element

(\$ in Thousands)	2006 Actual	2007 Estimate	2008 Request
<b>TOTAL</b>	32,999	*	20,400
Peace & Security	1,500	*	0
Transnational Crime	1,500	*	0
Trafficking-in-Persons and Migrant Smuggling	1,500	*	0
Investing in People	21,798	*	11,550
Health	21,798	*	11,550
HIV/AIDS	13,078	*	2,500
Tuberculosis	1,607	*	1,500
Malaria	1,967	*	3,500
Other Public Health Threats	1,794	*	1,350
Maternal and Child Health	495	*	0
Water Supply and Sanitation	2,857	*	2,700
Economic Growth	9,701	*	8,850
Trade and Investment	1,658	*	3,550
Trade and Investment Enabling Environment	1,370	*	2,397
Trade and Investment Capacity	0	*	940
Program Support (Trade)	288	*	213
Environment	8,043	*	5,300
Natural Resources and Biodiversity	4,577	*	2,160
Clean Productive Environment	3,139	*	2,500
Program Support (Environment)	327	*	640

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## **EUROPE AND EURASIA**



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## Europe and Eurasia Regional Overview

### Obstacles and Opportunities for Advancing Transformational Diplomacy

#### Request by Account

(\$ in thousands)	2006 Actual	2007 Estimate	2008 Request
Child Survival and Health	5,146	*	0
Development Assistance	100	*	0
Economic Support Fund	36,630	*	12,850
Foreign Military Financing	140,571	*	129,325
Freedom Support Act	406,848	*	270,019
International Military Education & Training	27,703	*	25,989
International Narcotics Control and Law Enforcement	0	*	500
Nonproliferation, Antiterrorism & Demining	26,081	*	18,400
Public Law 480 (Food Aid)	3,370	*	0
Assistance for Eastern Europe and Baltic States	357,390	*	289,322
<b>Total</b>	<b>1,003,839</b>	*	<b>746,405</b>

Europe is a region simultaneously transforming and supporting the transformation of other parts of the world. Within the region, European allies and institutions (EU, NATO, and OSCE) play an essential role in helping countries like Georgia and Ukraine complete and consolidate democratic advances. Across the globe, European allies are critical partners in supporting transformation in the Middle East, Asia, Africa, and Latin America. European partners are playing a critical role in operations related to the Global War on Terror. To further the capacity of European allies to engage in these operations, the FY 2008 request focuses on improving their forces' professionalism, niche capacity, and interoperability with NATO.

In FY 2008, the United States will continue to focus on the unfinished business of stabilizing the Balkans and anchoring them in Euro-Atlantic institutions. Supporting a final Kosovo settlement will entail infrastructure development, institutional reform, and debt relief, as well as additional reform and development assistance in neighboring areas. The United States will remain heavily engaged in Serbia, Montenegro, Albania, Bosnia, and Macedonia to mitigate spillover effects of the Kosovo outcome and to promote accountability for war criminals, cooperation with international and domestic tribunals, and arrests of all indictees. The greatest opportunity in the Balkans is the basic desire among governments and populations to integrate into Euro-Atlantic institutions. Prospective membership in the EU and NATO provides a powerful stimulus to democratic and economic reform, often eliciting the political will that must accompany U.S. assistance if that assistance is to have an impact. Membership in these institutions also provides a ready-made benchmark against which to measure the results of U.S. aid.

In Eurasia, the United States will continue to help consolidate the new democracies in Georgia, Ukraine, and Moldova by helping these countries fight corruption and put in place legislation and institutions that can promote democratic reform, human rights and economic growth. These countries have made a decisive - but still fragile - break with their Soviet past, and need U.S. support and assistance as they move closer to European and Euro-Atlantic institutions. Partners in Western and Central Europe have a similarly strong interest in seeing these countries succeed, and U.S. assistance policies will continue to be closely coordinated with theirs. Another central aim of U.S. assistance to Eurasia is confronting democratic backsliding. While Russia is no longer the totalitarian adversary of the Cold War, the United States has a vital interest in helping

Russia become an open, democratic, and stable geopolitical partner. To this end, the United States will engage with Russia where it can be done productively, while continuing to stand firm for democracy and human rights. In Belarus, where the authoritarian regime is more determined than ever to consolidate control, there is an opportunity to support pro-democracy forces together with strong and effective support from Belarus' European neighbors, who share U.S. goals.

In addition to funds listed above, MCC funding for Europe and Eurasia includes Compacts with Armenia (\$235 million) and Georgia (\$295 million) and Threshold Country Programs for Albania (\$13.85 million), Moldova (\$24 million), and Ukraine (\$45 million). In these cases, development assistance funding is focused to complement MCC resources and maximize the impact of its development activities.

## **Resources to Help Advance Transformational Diplomacy**

### **Request by Objective and Area for Europe and Eurasia** (in \$ thousands)

	<b>FY 2006 Actual</b>	<b>FY 2008 Request</b>
<b>TOTAL</b>	1,003,839	746,405
<b>1 Peace &amp; Security</b>	382,223	299,289
1.1 Counter-Terrorism	5,319	4,940
1.2 Combating Weapons of Mass Destruction (WMD)	47,419	32,230
1.3 Stabilization Operations and Security Sector Reform	244,855	214,319
1.4 Counter-Narcotics	-	1,800
1.5 Transnational Crime	11,163	9,450
1.6 Conflict Mitigation and Reconciliation	73,467	36,550
<b>2 Governing Justly &amp; Democratically</b>	268,072	195,677
2.1 Rule of Law and Human Rights	54,265	49,707
2.2 Good Governance	56,068	52,594
2.3 Political Competition and Consensus-Building	31,874	32,947
2.4 Civil Society	125,865	60,429
<b>3 Investing in People</b>	89,574	73,324
3.1 Health	62,400	48,574
3.2 Education	15,978	15,200
3.3 Social and Economic Services and Protection for Vulnerable Populations	11,196	9,550
<b>4 Economic Growth</b>	248,023	162,415
4.1 Macroeconomic Foundation for Growth	22,365	10,190
4.2 Trade and Investment	14,971	12,775
4.3 Financial Sector	25,976	13,555
4.4 Infrastructure	26,262	36,700
4.5 Agriculture	39,346	19,400
4.6 Private Sector Competitiveness	96,030	47,402
4.7 Economic Opportunity	20,535	20,650
4.8 Environment	2,538	1,743

<b>5 Humanitarian Assistance</b>	15,947	15,700
5.1 Protection, Assistance and Solutions	15,947	11,400
5.2 Disaster Readiness	-	2,200
5.3 3 Migration Management	-	2,100

**Peace and Security (\$299.3 million):** Funding is requested to assist partners in fighting and winning the Global War on Terror; preventing the proliferation of weapons of mass destruction; supporting the reform, professionalization, and capacity building of the military, police, border guards, and customs officials; promoting integration with Euro-Atlantic institutions through reform, interoperability, and building of niche capacity; and, building capabilities to combat transnational threats including trafficking-in-persons, smuggling, and other types of crime.

**Governing Justly and Democratically (\$195.7 million):** Assistance programs will support free, fair, and competitive political processes and elections; facilitate anti-corruption efforts; support institutional reform and checks and balances; promote the development of and access to balanced information; build civil society organization and enhance their capacities to advocate for positive and construction political, economic, and social reforms; empower activists and human rights monitors in authoritarian societies; and, through exchanges, provide exposure to democratic practices and values.

**Investing in People (\$73.3 million):** Funding will support programming to increase awareness and develop local capacity to treat infectious diseases; improve primary, maternal, child, and reproductive health standards; build public awareness of the dangers of trafficking-in-person and provide support for victims including their social and economic reintegration into society; and, work with teachers, university professors, and education officials to improved curriculum and instruction.

**Economic Growth (\$162.4 million):** Funding is requested to support energy sector privatization, efficiency, and transparency; promote the accession and participation in international economic institutions; improve revenue collection, budgeting processes, and banking systems; address Kosovo's critical infrastructure needs; and, support private sector regulatory reform, credit access to small- and medium-sized enterprises, and improved agriculture sector productivity.

**Humanitarian Assistance (\$15.7 million):** Funding will support provision of shelter, medical care, counseling, education, and water and sanitation for displaced persons; provide food aid for vulnerable groups; procure and deliver donated humanitarian commodities such as medicines, equipment, clothing, and food; and improve conditions in schools, clinics, orphanages, and homes for the elderly.

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**ALBANIA**  
Developing

**Obstacles and Opportunities for Advancing Transformational Diplomacy**

Despite a communist history absent of democratic traditions and a market economy, the current Government of Albania (GOA) has committed to making the much-needed political, legal, economic, military and social reforms necessary to integrate into Euro-Atlantic institutions. Staunchly pro-American, Albania has been a steadfast partner on issues of crucial importance to the United States, committing troops in Iraq, Afghanistan, and Bosnia-Herzegovina, and providing unwavering support in the fight against terrorism. Countering substantial progress in military integration and macroeconomic stability, Albania's economic integration indicators are among the lowest in the region. The GOA must continue major economic reforms and infrastructure improvements and the private sector should improve competitiveness if the country is to attract the investment necessary to raise the standard of living. Despite progress in Albania's 2005 parliamentary elections, the politically contentious preparations for 2007's local government elections underscore that there are additional opportunities for assistance. Albania must continue to strengthen governance institutions and earn the people's trust. It can accomplish this by vigorously continuing efforts to confront corruption, close down criminal networks, broaden economic growth, and increase investment in its people through improved health programs and workforce development.

**Resources to Help Advance Transformational Diplomacy**

**Request by Objective**

(\$ in thousands)	2006 Actual	2007 Estimate	2008 Request
Peace & Security	10,643	*	6,800
Governing Justly & Democratically	8,495	*	5,800
Investing in People	2,500	*	3,100
Economic Growth	8,610	*	4,300
<b>Total</b>	<b>30,248</b>	*	<b>20,000</b>

**Request by Account**

(\$ in thousands)	2006 Actual	2007 Estimate	2008 Request
Foreign Military Financing	3,465	*	2,600
International Military Education & Training	1,028	*	600
Nonproliferation, Antiterrorism & Demining	1,005	*	600
Assistance for Eastern Europe and Baltic States	24,750	*	16,200
<b>Total</b>	<b>30,248</b>	*	<b>20,000</b>
Peace Corps	1962	*	2079

**Peace and Security (\$6.8 million):** The United States supports Albania's goal to integrate into Euro-Atlantic institutions, beginning with NATO accession. Albania remains an extraordinarily strong supporter and partner in the Global War on Terror, a partnership that must be maintained and enhanced. Albania has increased troop commitments in both Iraq and Afghanistan. For NATO accession, while the GOA has provided assurances, much needs to be done to advance military preparedness. Assistance will develop and modernize the Albanian armed forces in order to provide a better prepared and more interoperable force. In addition, U.S. assistance will improve law enforcement capabilities, specifically tackling trans-national crime, combating

terrorism, interdicting weapons of mass destruction, and cutting sources of terrorist financing. Assistance will also work to counter illicit weapons and human trafficking.

**Governing Justly and Democratically (\$5.8 million):** Key to Albania's NATO and EU accession are aggressive efforts to fight organized crime and corruption, more effective governance, and improved government accountability. Assistance will help Albania promote judicial inspectorates as a means for courts to check abuses of power, and work to deter official corruption by professionalizing and reforming prosecutorial units. Local government decentralization and anti-corruption reforms to improve government accountability will promote good governance. In support of civil society, assistance will help nongovernmental organizations build capacity as anti-corruption advocacy "watchdogs." The GOA's ability or will to enforce compliance with enacted anti-corruption laws remains weak. The United States will improve the capacity of state institutions charged with implementation of anti-corruption laws. Programs will help local governments deal with deal with fiscal management, elections, and large asset transfers.

**Economic Growth (\$4.3 million):** Albania has a major challenge in addressing economic inequality and poverty. Decades of isolation have left its economy and infrastructure in far worse condition than its neighbors. Wide-spread electricity shortages stifle economic growth and drive up basic commodity prices, while weak competitiveness and a poor business environment have stymied broad-based, export driven economic expansion. Improving private sector competitiveness is crucial for long-term sustainable economic growth, and this will be promoted by increasing private sector productivity and improving the investment climate. Improving the productivity of Albania's agriculture sector (the primary employer in the country) to compete regionally can be achieved by lowering costs of production, improving product quality, increasing market efficiency, meeting international standards, and improving infrastructure. Establishing regulatory and legal conditions that promote an efficient and competitive power market will make energy more accessible and available for economic stability and growth.

**Investing in People (\$3.1 million):** Albania's health indicators are far below regional norms. The GOA has made health care a priority, but to raise overall health standards, the United States will continue to improve preventive and primary health care and reform health systems. Severe fiscal constraints make large increases in health investment uncertain. Programs focused on implementing extensive legal, regulatory, financial and programmatic reforms of the health care system are essential to raising health indicators. Albania has the lowest contraceptive prevalence rate in Eastern Europe. Assistance will be provided for family planning and reproductive health to promote modern methods of contraception, the continued roll-out of essential primary health care services, including maternal and child health, HIV/AIDS, and TB.

#### Request by Element

(\$ in Thousands)	2006 Actual	2007 Estimate	2008 Request
<b>TOTAL</b>	30,248	*	20,000
Peace & Security	10,643	*	6,800
Counter-Terrorism	200	*	0
Governments' Capabilities	200	*	0
Combating Weapons of Mass Destruction (WMD)	505	*	300
Counter WMD Proliferation and Combat WMD Terrorism	505	*	300
Stabilization Operations and Security Sector Reform	8,308	*	6,000
Destruction and Security of Conventional Weapons	300	*	300

(\$ in Thousands)	2006 Actual	2007 Estimate	2008 Request
Defense, Military, and Border Restructuring, Reform and Operations	4,493	*	3,200
Law Enforcement Restructuring, Reform and Operations	3,462	*	2,450
Program Support (Stabilization)	53	*	50
Transnational Crime	1,630	*	500
Trafficking-in-Persons and Migrant Smuggling	1,530	*	436
Program Support (Crime)	100	*	64
Governing Justly & Democratically	8,495	*	5,800
Rule of Law and Human Rights	3,243	*	2,300
Constitutions, Laws, and Legal Systems	600	*	0
Judicial Independence	0	*	1,193
Justice System	2,377	*	918
Program Support (Rule of Law)	266	*	189
Good Governance	1,400	*	2,200
Local Government and Decentralization	1,300	*	1,207
Anti-Corruption Reforms	0	*	650
Governance of the Security Sector	0	*	186
Program Support (Governance)	100	*	157
Political Competition and Consensus-Building	900	*	0
Elections and Political Processes	300	*	0
Political Parties	500	*	0
Program Support (Political Competition)	100	*	0
Civil Society	2,952	*	1,300
Civic Participation	2,082	*	1,098
Media Freedom and Freedom of Information	620	*	92
Program Support (Civil Society)	250	*	110
Investing in People	2,500	*	3,100
Health	2,500	*	3,100
HIV/AIDS	100	*	0
Tuberculosis	100	*	0
Other Public Health Threats	900	*	700
Maternal and Child Health	1,050	*	700
Family Planning and Reproductive Health	350	*	1,700
Economic Growth	8,610	*	4,300
Financial Sector	1,371	*	0
Financial Sector Enabling Environment	400	*	0
Financial Services	800	*	0
Program Support (Financial Sector)	171	*	0
Infrastructure	800	*	500
Modern Energy Services	750	*	469
Program Support (Infrastructure)	50	*	31
Agriculture	1,900	*	1,500
Agricultural Sector Productivity	1,700	*	1,342
Program Support (Agriculture)	200	*	158
Private Sector Competitiveness	4,539	*	2,300
Business Enabling Environment	175	*	373
Private Sector Productivity	2,955	*	1,490
Workforce Development	1,100	*	280
Program Support (Private Sector)	309	*	157



### **Linkages with the Millennium Challenge Corporation (MCC)**

Albania is an MCC threshold country, approved for \$13.85 million in 2006. The Threshold Program for Albania, which will end in FY 2008, should significantly reduce opportunities for corruption in tax administration, public procurement, and business registration. These improvements in governance were chosen to improve Albania's performance in the Ruling Justly and Economic Freedom indicators tracked by MCC as well as increase investment, government revenue, and economic growth.

### **Statement of Changes**

Funding for Albania has decreased from FY 2006 levels. Among program elements, there has been an increase in funding for good governance programs and trade-off decreases in security and transnational crime programs, political competition programs and financial sector assistance. These funding shifts are targeted at gaps in key indicators, specifically aimed at addressing corruption in Albania, and reflect both Albania's increasing ability to take on more responsibility for military sector development, and its solid financial sector growth.

**ARMENIA**  
Developing

**Obstacles and Opportunities for Advancing Transformational Diplomacy**

While Armenia's economic growth and standard of living surpass most Developing category countries, the sustainability of this performance is placed in doubt by the Government of Armenia's (GOAM) inconsistent approach to implementing democratic reforms. The repercussions of historical conflicts further constrain Armenia's development. The long-running conflict with Azerbaijan over Nagorno-Karabakh and closed borders with Azerbaijan and Turkey hamper economic development, drain government resources, and hinder regional integration. By supporting democratic and economic reforms and promoting regional stability, U.S. assistance to Armenia works to transform the country into a stable partner, at peace with its neighbors, where democracy, human rights, and the rule of law are respected and the benefits of sustained economic growth are widely shared.

**Resources to Help Advance Transformational Diplomacy**

**Request by Objective**

(\$ in thousands)	2006 Actual	2007 Estimate	2008 Request
Peace & Security	12,774	*	6,300
Governing Justly & Democratically	18,001	*	12,200
Investing in People	16,351	*	6,300
Economic Growth	25,772	*	12,900
Humanitarian Assistance	1,600	*	1,200
<b>Total</b>	<b>74,498</b>	<b>*</b>	<b>38,900</b>

**Request by Account**

(\$ in thousands)	2006 Actual	2007 Estimate	2008 Request
Foreign Military Financing	3,960	*	3,000
Freedom Support Act	69,000	*	35,000
International Military Education & Training	838	*	300
Nonproliferation, Antiterrorism & Demining	700	*	600
<b>Total</b>	<b>74,498</b>	<b>*</b>	<b>38,900</b>
Peace Corps	1814	*	1881

**Peace and Security (\$6.3 million):** U.S. assistance to Armenia will work to enhance regional and global security in support of the Global War on Terror by strengthening Armenia's borders, particularly with Iran, and help them to implement effective strategic trade controls in order to prevent trafficking in weapons of mass destruction or other illicit materials. U.S. assistance will also help to establish a professional, NATO-interoperable Armenian military capable of combating terrorism, protecting its territory and participating in international peacekeeping exercises and operations. Training and technical assistance will be provided to investigators and financial institutions to fight corruption. U.S. assistance will also advance regional stability by supporting conflict mitigation projects through support for research and grants to non-governmental organizations (NGOs).

**Governing Justly and Democratically (\$12.2 million):** Armenia's democratic institutions remain underdeveloped. Significant gaps persist in the areas of electoral process, civil society,

media freedom, the rule of law, protection of human rights, and anti-corruption. U.S. assistance will support the implementation of constitutional reforms related to the separation of government powers. Funds will be used to provide substantial assistance to strengthen electoral and political processes in the run-up to the 2008 presidential elections; promote greater citizen engagement in the political process; increase respect by law enforcement officials for human rights; increase the responsiveness of local government to the needs of communities; and promote checks on executive authority by strengthening the legislature and judiciary. U.S. assistance will also work with Armenians to combat corruption by supporting civil society efforts to single out and seek redress against corrupt officials and by partnering with specific government entities that demonstrate the political will to implement anti-corruption measures.

**Investing in People (\$6.3 million):** U.S. assistance to Armenia will support an increase in living standards by addressing challenges with and/or in the health sector, the environment, education, social services, and vulnerable populations. In the health sector, funds will promote modern methods of family planning to improve maternal and child health care and reduce the country's infant mortality rate. Efforts to support vulnerable populations will also focus on improved and better-targeted social assistance and social service programs, reducing the need for government subsidies, strengthening employment services and reforming social insurance programs. Program goals include helping vulnerable individuals to become self-reliant and providing services to help fill remaining gaps. Education-related activities will focus on making Armenia's education system more competitive and market-oriented in support of Armenia's progress towards an open, prosperous and equitable society.

**Economic Growth (\$12.9 million):** Armenia's strong economic growth and high degree of openness to foreign investment in recent years enables the country's transition to a market-oriented, globally-integrated system to continue. This growth is disproportionately centered in Yerevan and many of Armenia's poorest citizens outside of the capital are excluded from its benefits. U.S. assistance will work both from the "bottom up," by promoting the growth of small- and medium-sized enterprises and the financial sector that supports them as well as from the "top down," through technical assistance aimed at regulatory reforms which will improve the business climate. To assist those who have not reaped the benefits of economic growth, the United States will continue programs that provide immediate tangible benefits, such as rehabilitating town and village water systems and providing community self-help development grants. Assistance will also provide extensive support to enhance safety at the Armenian Nuclear Power Plant and help Armenia develop energy sources to improve its energy security.

**Humanitarian Assistance (\$1.2 million):** To address the needs of more than 300,000 displaced by the unresolved conflict regarding Nagorno-Karabakh, as well as those of other vulnerable communities, the United States will provide food, essential medicines, and shelter.

#### Request by Element

(\$ in Thousands)	2006 Actual	2007 Estimate	2008 Request
<b>TOTAL</b>	74,498	*	38,900
Peace & Security	12,774	*	6,300
Combating Weapons of Mass Destruction (WMD)	4,351	*	1,100
Counter WMD Proliferation and Combat WMD Terrorism	3,983	*	1,050
Program Support (WMD)	368	*	50
Stabilization Operations and Security Sector Reform	7,798	*	4,500
Operations Support	3,960	*	3,000

(\$ in Thousands)	2006 Actual	2007 Estimate	2008 Request
Defense, Military, and Border Restructuring, Reform and Operations	838	*	300
Law Enforcement Restructuring, Reform and Operations	2,955	*	1,176
Program Support (Stabilization)	45	*	24
Transnational Crime	0	*	700
Financial Crimes and Money Laundering	0	*	190
Trafficking-in-Persons and Migrant Smuggling	0	*	488
Program Support (Crime)	0	*	22
Conflict Mitigation and Reconciliation	625	*	0
Peace and Reconciliation Processes	625	*	0
Governing Justly & Democratically	18,001	*	12,200
Rule of Law and Human Rights	610	*	3,100
Constitutions, Laws, and Legal Systems	0	*	1,000
Judicial Independence	305	*	1,200
Justice System	305	*	900
Good Governance	5,042	*	3,600
Legislative Function and Processes	100	*	698
Public Sector Executive Function	0	*	1,097
Local Government and Decentralization	1,500	*	897
Anti-Corruption Reforms	3,427	*	897
Program Support (Governance)	15	*	11
Political Competition and Consensus-Building	4,006	*	2,600
Consensus-Building Processes	120	*	295
Elections and Political Processes	2,745	*	1,476
Political Parties	1,076	*	787
Program Support (Political Competition)	65	*	42
Civil Society	8,343	*	2,900
Civic Participation	7,017	*	1,697
Media Freedom and Freedom of Information	433	*	893
Program Support (Civil Society)	893	*	310
Investing in People	16,351	*	6,300
Health	11,664	*	2,800
HIV/AIDS	105	*	0
Tuberculosis	163	*	0
Avian Influenza	1,124	*	0
Maternal and Child Health	3,494	*	900
Family Planning and Reproductive Health	4,173	*	900
Water Supply and Sanitation	2,605	*	1,000
Education	624	*	1,700
Basic Education	200	*	800
Higher Education	424	*	900
Social and Economic Services and Protection for Vulnerable Populations	4,063	*	1,800
Policies, Regulations, and Systems	2,041	*	1,000
Social Services	1,036	*	500
Social Assistance	986	*	300
Economic Growth	25,772	*	12,900
Macroeconomic Foundation for Growth	4,200	*	800
Fiscal policy	3,510	*	766
Monetary policy	510	*	0
Program Support (Macro Econ)	180	*	34
Trade and Investment	1,944	*	1,100

(\$ in Thousands)	2006 Actual	2007 Estimate	2008 Request
Trade and Investment Enabling Environment	560	*	344
Trade and Investment Capacity	1,110	*	601
Program Support (Trade)	274	*	155
<b>Financial Sector</b>	<b>3,014</b>	<b>*</b>	<b>1,700</b>
Financial Sector Enabling Environment	900	*	697
Financial Services	2,100	*	995
Program Support (Financial Sector)	14	*	8
<b>Infrastructure</b>	<b>4,919</b>	<b>*</b>	<b>3,400</b>
Modern Energy Services	4,028	*	2,947
Communications Services	502	*	184
Program Support (Infrastructure)	389	*	269
<b>Agriculture</b>	<b>6,346</b>	<b>*</b>	<b>2,700</b>
Agricultural Enabling Environment	73	*	852
Agricultural Sector Productivity	5,938	*	1,705
Program Support (Agriculture)	335	*	143
<b>Private Sector Competitiveness</b>	<b>4,942</b>	<b>*</b>	<b>1,700</b>
Business Enabling Environment	1,251	*	440
Private Sector Productivity	1,085	*	352
Workforce Development	2,009	*	703
Program Support (Private Sector)	597	*	205
<b>Economic Opportunity</b>	<b>73</b>	<b>*</b>	<b>1,500</b>
Inclusive Financial Markets	0	*	300
Policy Environment for Micro and Small Enterprises	0	*	500
Strengthen Microenterprise Productivity	73	*	600
Inclusive Economic Law and Property Rights	0	*	100
<b>Environment</b>	<b>334</b>	<b>*</b>	<b>0</b>
Clean Productive Environment	334	*	0
<b>Humanitarian Assistance</b>	<b>1,600</b>	<b>*</b>	<b>1,200</b>
Protection, Assistance and Solutions	1,600	*	1,200
Protection and Solutions	0	*	400
Crisis Assistance and Recovery	1,600	*	800

### **Linkages with the Millennium Challenge Corporation (MCC)**

In March 2006, a \$235 million Millennium Challenge Account compact was signed with Armenia. The main goal of the program is the reduction of rural poverty through improvements in the agriculture sector, including rehabilitating rural roads and improving irrigation systems. Armenia's compact with the Millennium Challenge Corporation (MCC) was designed to be a powerful incentive to the Armenian government to meet its commitments to good governance. Other U.S. programs will support Armenia's progress in democratic reform to help it maintain its eligibility for this Compact. Programs described in the economic growth objective are designed to provide a stronger economic enabling environment for this Compact as well as complement the rural growth that MCC assistance is targeted to boost.

### **Statement of Changes**

Funding for Armenia has decreased significantly from FY 2006 levels. Funding for Peace and Security decreased, specifically in defense, military and border restructuring and law enforcement operations due to the completion of infrastructure projects such as a state-of-the-art forensics lab. With the exception of the modern energy services, all program elements in Economic Growth were reduced. Decreases in the agriculture and infrastructure elements were due to some overlap with MCC programs. Beginning in FY 2005, the United States undertook a multi-year election assistance program in advance of the 2007 parliamentary and 2008 presidential elections. Prior year funding was taken into account in decreasing program elements related to political parties and political and electoral processes in FY 2008. Increases were made in program elements related to judicial independence in order to assist the GOAM in undertaking further reforms in this area. Both Humanitarian Assistance and Investing in People were reduced across all program element areas, with the expectation that the GOAM will begin to contribute more to social reform and assisting refugees of the Nagorno-Karabakh conflict.

## AZERBAIJAN

Developing

### Obstacles and Opportunities for Advancing Transformational Diplomacy

While Azerbaijan is taking important steps to harness its energy resources, democratic and economic reforms are major obstacles to Azerbaijan's advancement. As energy pipelines are completed and the major offshore fields move toward increased production in 2007, Azerbaijan is expected to benefit from substantial energy revenues. Providing technical assistance to the Government of Azerbaijan (GOAJ) on strategic budgeting, combating corruption, avoiding inflation, and establishing a path to sustainable development will be a key component of U.S. assistance in the economic growth sector. A principal impediment to Azerbaijan's political, economic and social development is the unresolved conflict with Armenia over Nagorno-Karabakh. The current cease-fire is frequently violated, thereby inhibiting the ability of the United States to provide robust security assistance. U.S.-funded assistance to encourage a free and fair presidential election in 2008 and to advance media freedom, civil society, and human rights is critical to furthering Azerbaijan's democratic development.

### Resources to Help Advance Transformational Diplomacy

#### Request by Objective

(\$ in thousands)	2006 Actual	2007 Estimate	2008 Request
Peace & Security	13,372	*	8,080
Governing Justly & Democratically	11,639	*	9,700
Investing in People	3,814	*	2,000
Economic Growth	14,301	*	5,100
Humanitarian Assistance	2,880	*	500
<b>Total</b>	<b>46,006</b>	<b>*</b>	<b>25,380</b>

#### Request by Account

(\$ in thousands)	2006 Actual	2007 Estimate	2008 Request
Foreign Military Financing	3,960	*	4,300
Freedom Support Act	34,205	*	18,000
International Military Education & Training	823	*	1,000
Nonproliferation, Antiterrorism & Demining	5,064	*	2,080
Public Law 480 (Food Aid)	1,954**	*	0
<b>Total</b>	<b>46,006</b>	<b>*</b>	<b>25,380</b>
Peace Corps	1,867	*	2029

\*\*FY 2006 includes \$1.954 million of P.L. 480 Title II emergency food aid. Emergency food aid has not been allocated to countries in FY 2008.

**Peace and Security (\$8.1 million):** U.S. assistance to Azerbaijan will support the larger struggle against terrorism and other transnational threats. U.S. operations support will strengthen Azerbaijani security institutions, improving their ability to work with the United States against international terrorist organizations and other destabilizing influences. U.S. assistance will help develop the Azerbaijani maritime capabilities, improve airspace management, and assist in the modernization and interoperability of the military with NATO through the Partnership for Peace. The United States will support defense, military and border security restructuring, reform and operations to inhibit the spread of weapons of mass destruction. Additional investments in the security environment will eliminate explosive remnants of war and fight trafficking in persons

and migrant smuggling. U.S. assistance will strengthen the ability of the Prosecutor General's anti-corruption unit to fight financial crimes and money laundering as well as strengthen government capabilities to develop a comprehensive anti-terrorism and anti-money laundering regime.

**Governing Justly and Democratically (\$9.7 million):** U.S. assistance is necessary to combat corruption, foster democratic reform, promote independent media, strengthen the legislature, develop civil society, and ensure the protection of fundamental human rights and freedoms. These developments will be needed for Azerbaijan to continue to be a partner of the United States on security issues and to ensure that the country's energy revenues are used to improve the lives of its citizens. U.S. assistance will improve the capabilities of legal professionals to represent Azerbaijani citizens before the courts and will assist in creating sustainable institutions that improve access to justice. Support for anti-corruption reforms will complement efforts to strengthen the rule of law by improving laws and legal institutions and increasing respect for human rights. Assistance to strengthen political and electoral processes will promote pluralism, advance election administration and fair and transparent handling of election disputes, improve the quality of public debate, promote consensus building among officials, and prepare elections-related civil society groups and observers to participate in and monitor the pivotal 2008 elections cycle. U.S. assistance will also help develop an independent, transparent and responsive legislature. Work with civil society organizations will support the conduct of advocacy campaigns on pressing social issues and democratic reform that will engage the citizenry. Support for media freedom and freedom of information will lead to a more responsible and responsive media sector.

**Investing in People (\$2 million):** With nearly half its population under the age of 24 and with less than 1 percent of GDP allocated for health, social investment will be critical to the long-term development of Azerbaijan. The United States can best assist Azerbaijan in this area by supporting primary health care reforms which emphasize improvements in health governance and finance to use the health budget efficiently to increase access and overall quality of health services and reduce the country's high under-five mortality rate. Family planning and reproductive health programs will increase the use of modern methods of family planning. U.S. assistance in these areas aims to improve the governance of the health sector by enhancing information systems, training health care professionals, improving financial management, and increasing the interaction of health care professionals and policy-makers with communities.

**Economic Growth (\$5.1 million):** Azerbaijan has the potential to fall victim to the consequences of the "Dutch Disease," i.e., a long-term trade imbalance due to excessive dependence on the energy sector. This is combined with inadequate policy, technical, institutional, and financial support to the non-energy sectors. Consequently, U.S. assistance will focus on economic diversification, private sector development, transparency in revenue and expenditure management processes, anti-inflation strategies, and sustainable development. U.S. assistance will strengthen the government's budget process and enhance its capacity to articulate comprehensive economic strategies under reconciled and integrated fiscal and monetary policy. Poverty reduction and job creation goals will be met by increasing agricultural and private sector productivity, and improving the business enabling environment. In addition, U.S. assistance will work to advance the financial system to improve access to capital in the non-oil sector and increase the efficiency of financial intermediation by supporting the supply of new products and improving the quality of services. Finally, investments in workforce development will give Azerbaijanis the opportunity to acquire hands-on skills in agriculture and other areas.



**Humanitarian Assistance (\$0.5 million):** More than 600,000 people remain uprooted by the Nagorno-Karabakh conflict. U.S. assistance will support government efforts to find durable solutions to integrate internally displaced persons while maintaining regional stability.

### Request by Element

(\$ in Thousands)	2006 Actual	2007 Estimate	2008 Request
<b>TOTAL</b>	46,006	*	25,380
Peace & Security	13,372	*	8,080
Counter-Terrorism	350	*	400
Governments' Capabilities	350	*	400
Combating Weapons of Mass Destruction (WMD)	2,150	*	1,200
Counter WMD Proliferation and Combat WMD Terrorism	2,009	*	1,200
Program Support (WMD)	141	*	0
Stabilization Operations and Security Sector Reform	10,347	*	6,280
Operations Support	3,960	*	4,300
Explosive Remnants of War (ERW)	3,064	*	480
Defense, Military, and Border Restructuring, Reform and Operations	823	*	1,000
Law Enforcement Restructuring, Reform and Operations	2,462	*	490
Program Support (Stabilization)	38	*	10
Transnational Crime	0	*	200
Trafficking-in-Persons and Migrant Smuggling	0	*	196
Program Support (Crime)	0	*	4
Conflict Mitigation and Reconciliation	525	*	0
Conflict Mitigation	512	*	0
Program Support (Conflict)	13	*	0
Governing Justly & Democratically	11,639	*	9,700
Rule of Law and Human Rights	1,514	*	1,500
Constitutions, Laws, and Legal Systems	0	*	890
Judicial Independence	0	*	445
Justice System	1,348	*	0
Program Support (Rule of Law)	166	*	165
Good Governance	2,400	*	2,000
Legislative Function and Processes	1,860	*	1,156
Anti-Corruption Reforms	274	*	622
Program Support (Governance)	266	*	222
Political Competition and Consensus-Building	1,711	*	2,000
Elections and Political Processes	186	*	898
Political Parties	1,350	*	898
Program Support (Political Competition)	175	*	204
Civil Society	6,014	*	4,200
Civic Participation	4,281	*	2,957
Media Freedom and Freedom of Information	798	*	591
Program Support (Civil Society)	935	*	652
Investing in People	3,814	*	2,000
Health	3,814	*	2,000
Other Public Health Threats	2,375	*	0
Maternal and Child Health	0	*	1,000
Family Planning and Reproductive Health	1,439	*	1,000
Economic Growth	14,301	*	5,100

(\$ in Thousands)	2006 Actual	2007 Estimate	2008 Request
Macroeconomic Foundation for Growth	5,978	*	1,800
Fiscal policy	5,158	*	853
Monetary policy	510	*	853
Program Support (Macro Econ)	310	*	94
Trade and Investment	174	*	0
Trade and Investment Enabling Environment	166	*	0
Program Support (Trade)	8	*	0
Financial Sector	3,804	*	900
Financial Sector Enabling Environment	3,732	*	883
Program Support (Financial Sector)	72	*	17
Agriculture	4,345	*	400
Agricultural Enabling Environment	124	*	0
Agricultural Sector Productivity	4,137	*	392
Program Support (Agriculture)	84	*	8
Private Sector Competitiveness	0	*	2,000
Business Enabling Environment	0	*	864
Private Sector Productivity	0	*	672
Workforce Development	0	*	384
Program Support (Private Sector)	0	*	80
Humanitarian Assistance	2,880	*	500
Protection, Assistance and Solutions	2,880	*	500
Protection and Solutions	0	*	500
Crisis Assistance and Recovery	2,880	*	0

### Statement of Changes

Funding for Azerbaijan has decreased from FY 2006 levels, with the exception of an increase in the Foreign Military Financing account. The increase in the operational support element in Peace and Security was in response to GOAJ involvement in Iraq and Afghanistan and the need for training to support these operations. Among program elements, there were significant decreases in Economic Growth, specifically in macroeconomic policy, trade and investment and agriculture. Program elements in Investing in People were reduced in response to commitments by the GOAJ to co-finance health projects. Similarly Humanitarian Assistance was reduced as the GOAJ becomes more responsive to working with internally displaced persons. While funding for elements such as civil society and media decreased in the Governing Justly and Democratically objective, elements such as legislative function and process and elections increased. This takes into account Azerbaijan's presidential election in 2008 and the need to build a strong and transparent legislature.

## BELARUS

### Obstacles and Opportunities for Advancing Transformational Diplomacy

The broad goal of transformational diplomacy in Belarus is its transformation from one of the world's "outposts of tyranny" to a democratic, peaceful and prosperous state. Obstacles to this goal are many. Belarus has an authoritarian regime that claims its legitimacy through a non-democratic referendum and fraudulent elections. The regime suppresses pro-democracy groups, alternative political voices and sources of independent information. It has enacted retrograde economic policies and maintains close relations with rogue states. It has a highly dependent relationship with Russia that could threaten its political sovereignty and/or its economic stability. Obstacles include the government's disregard of fundamental rights of assembly, association and expression; human rights abuses including of demonstrators, pro-democracy activists and opposition politicians; regime control of nearly all media outlets and severe restrictions of press freedoms; criminal penalties both for "discrediting Belarus" and for organizing activities of an unregistered non-governmental organization (NGO); manipulation of 80 percent of the work force through short-term contracts for state employees; a highly restricted and restrictive operating environment for assistance; restrictions on freedom of religion; and a justice system that is used as a tool of oppression. Although the March 2006 Belarusian presidential campaign and election were illustrative of the country's repressive political environment, they also demonstrated opportunity for transformational diplomacy in the form of considerable momentum and increased unity of the country's democratic forces. Through a transparent, democratic process, the opposition nominated and supported a single candidate who proved effective in building a pro-democracy coalition and turning out small but credible support at the polls. These results - as well as a five-day demonstration of thousands of protestors following the announcement of fraudulent election 'results' - demonstrated the potential for transformational diplomacy to promote democratic change.

### Resources to Help Advance Transformational Diplomacy

#### Request by Objective

(\$ in thousands)	2006 Actual	2007 Estimate	2008 Request
Peace & Security	250	*	0
Governing Justly & Democratically	9,187	*	9,100
Investing in People	522	*	600
Economic Growth	1,305	*	0
Humanitarian Assistance	470	*	300
<b>Total</b>	<b>11,734</b>	<b>*</b>	<b>10,000</b>

#### Request by Account

(\$ in thousands)	2006 Actual	2007 Estimate	2008 Request
Freedom Support Act	11,484	*	10,000
Nonproliferation, Antiterrorism & Demining	250	*	0
<b>Total</b>	<b>11,734</b>	<b>*</b>	<b>10,000</b>

**Governing Justly and Democratically (\$9.1 million):** U.S. assistance will support robust democracy promotion with the goal of empowering the Belarusian people to determine their future and reform their state. The fundamental focus of this assistance is on strengthening the capacity of the pro-democracy opposition, civil society and independent media to engage a

growing share of the population and deepen and broaden the demand within Belarus for democratic change. Assistance will support external media and exchanges to promote access to independent information and exposure to democratic values. Funds will also be provided for polling, election monitoring and legal support. Funding for elections and political processes in part reflects anticipated 2008 parliamentary elections. Given the Government of Belarus's harassment, intimidation and imprisonment of pro-democracy activists and other individuals exercising their fundamental rights, U.S. funding will support oppressed activists in defense of human rights.

Assistance will focus on developing the capacity of pro-democracy parties and on strengthening civil society groups and associations of those with a stake in democratic change (including youth, women, students, independent journalists, and entrepreneurs). This assistance will also build civil society's partnership with the pro-democracy political parties to increase the breadth of public participation in political life and enhance the ability of the parties to appeal to Belarusians on the basis of an issues-based platform.

The United States will continue to organize regular donor and implementer coordination meetings to ensure continued international strategic coordination and complementarity of democracy promotion assistance.

**Investing in People (\$0.6 million):** Assistance under the Investing in People objective is targeted to demonstrate U.S. concern for the Belarusian people, address the border-transcending problem of trafficking in persons, and build the capacity of the pro-democracy movement through higher education. Funding will support training in basic job skills and facilitate employment access for vulnerable populations in depressed and border areas targeting women at risk. U.S. assistance under this objective will continue to build NGO sustainability and emphasize cross-border NGO cooperation and networking in order to strengthen local civil society and increase the exposure of Belarusians to their democratic neighbors. Assistance for higher education provides support to students looking for an alternative to the regime-dominated system of higher education as well as those deprived of an education due to democratic activism. Funding supports distance learning through and capacity-building of the European Humanities University, the sole independent Belarusian institution of higher education, now stripped of its license and operating in Lithuania.

**Humanitarian Assistance (\$0.3 million):** Funding will support the delivery of donated medicine, medical and relief supplies, and medical expertise to the most vulnerable Belarusian populations and support community-based provision of services to orphans and other vulnerable populations. This assistance and related public diplomacy efforts reinforce U.S. concern for the Belarusian people.

#### Request by Element

(\$ in Thousands)	2006 Actual	2007 Estimate	2008 Request
<b>TOTAL</b>	11,734	*	10,000
Peace & Security	250	*	0
Combating Weapons of Mass Destruction (WMD)	250	*	0
Counter WMD Proliferation and Combat WMD Terrorism	250	*	0
Governing Justly & Democratically	9,187	*	9,100
Rule of Law and Human Rights	0	*	400
Human Rights	0	*	380
Program Support (Rule of Law)	0	*	20

(\$ in Thousands)	2006 Actual	2007 Estimate	2008 Request
Political Competition and Consensus-Building	2,080	*	2,500
Elections and Political Processes	0	*	475
Political Parties	1,975	*	1,899
Program Support (Political Competition)	105	*	126
Civil Society	7,107	*	6,200
Civic Participation	5,003	*	4,022
Media Freedom and Freedom of Information	1,802	*	1,915
Program Support (Civil Society)	302	*	263
Investing in People	522	*	600
Health	522	*	0
Family Planning and Reproductive Health	522	*	0
Education	0	*	300
Higher Education	0	*	300
Social and Economic Services and Protection for Vulnerable Populations	0	*	300
Social Services	0	*	300
Economic Growth	1,305	*	0
Agriculture	180	*	0
Agricultural Enabling Environment	180	*	0
Private Sector Competitiveness	1,125	*	0
Business Enabling Environment	1,070	*	0
Program Support (Private Sector)	55	*	0
Humanitarian Assistance	470	*	300
Protection, Assistance and Solutions	470	*	300
Crisis Assistance and Recovery	470	*	300

#### Statement of Changes

Overall funding for Belarus has decreased 15 percent from FY 2006 to the proposed FY 2008 level. Almost all of this reduction is captured in the proposed zeroing out of funding under the Economic Growth objective in FY 2008. The relative priority placed on the Governing Justly and Democratically objective reflects the focus of U.S. policy toward Belarus on robust democracy promotion and allows the United States and other donors to maximize assistance funding in their areas of comparative advantage.

**BOSNIA AND HERZEGOVINA**  
Developing

**Obstacles and Opportunities for Advancing Transformational Diplomacy**

A democratic, economically sound, and secure Bosnia and Herzegovina (BiH) is critical to stability in the Balkans. More than 10 years after a calamitous conflict that poisoned relations among ethnic groups and destroyed the country's infrastructure, BiH has made significant progress in rebuilding and becoming an economically stable country moving toward Euro-Atlantic integration. The Office of the High Representative (OHR) is preparing to transition into a less intrusive European Union (EU) presence but that transition may be delayed given uncertainties over regional stability resulting from the upcoming Kosovo settlement. Despite significant reform progress, Bosnia remains burdened by porous borders, fragile relations between ethnic groups, complex and overlapping layers of government, endemic corruption, and nascent state-level government structures. Much work remains to strengthen state institutions and rationalize policies, systems, and structures at all levels of government. Impediments in the labor market and business environment make it difficult for legitimate enterprises to succeed and for average citizens to improve their earnings and standards of living. To progress, BiH must make a successful transition away from international supervision and toward fully functioning, state-level institutions and structures that are capable of managing its national security, its economy, and its governance. Among these, the top priorities for U.S. foreign policy are strengthening national capacity for defense, counterterrorism and law enforcement. Continued progress in the economic and governance spheres, however, is also seen as essential to ensure that BiH remains on the path toward European and Euro-Atlantic integration and toward becoming a fully democratic, multi-ethnic state.

**Resources to Help Advance Transformational Diplomacy**

**Request by Objective**

(\$ in thousands)	2006 Actual	2007 Estimate	2008 Request
Peace & Security	17,952	*	14,550
Governing Justly & Democratically	19,683	*	12,050
Economic Growth	13,387	*	6,350
<b>Total</b>	<b>51,022</b>	<b>*</b>	<b>32,950</b>

**Request by Account**

(\$ in thousands)	2006 Actual	2007 Estimate	2008 Request
Foreign Military Financing	8,910	*	7,800
International Military Education & Training	973	*	1,000
Nonproliferation, Antiterrorism & Demining	1,539	*	1,250
Assistance for Eastern Europe and Baltic States	39,600	*	22,900
<b>Total</b>	<b>51,022</b>	<b>*</b>	<b>32,950</b>

**Peace and Security (\$14.6 million):** Advancing peace and security still remains the top priority in post-conflict BiH. With the transfer from the Stabilization Force (SFOR) to an EU force, U.S. assistance is shifting from a strategy of protecting BiH to one of helping it align, equip and train state-level structures and institutions capable of providing their own protection. Bosnia has contributed five rotations of military explosive ordinance disposal units to the multinational force in Iraq demonstrating its transition from a consumer to an exporter of security assistance. U.S.

assistance to defense, military and border security restructuring, reform and operations will support a unified national level defense structure under a national ministry and operational command, with common training, personnel systems, and uniforms. This will eventually transform the armed forces of BiH into a professional, multi-ethnic and NATO-interoperable force. Bosnia's recent accession to NATO's Partnership for Peace (PfP) was a welcome milestone in that process and an acknowledgement of the significant progress Bosnia has made in reforming its defense structures. Support to law enforcement, reform, restructuring and operations will provide training and equipment to BiH law enforcement institutions, particularly state-level agencies, to strengthen their counter-terrorism capacities and professionalize domestic law enforcement, thus increasing public trust in this institution. Building expertise in countering illicit trafficking in conventional weapons and weapons of mass destruction (WMD) proliferation is vital to reducing the availability of small arms and light weapons and enhancing border security in a country where transnational movement of terrorists threatens U.S. national security.

Additional tools to combat corruption and possible terrorist activity will be funded through technical support to trace financial crimes and money laundering and halt trafficking in persons and migrant smuggling. U.S. assistance will improve BiH law enforcement capabilities through training in airport security management, hostage negotiation, crisis response, rural border patrol operations and VIP Protection. The goal of these programs is to enable the government of BiH to institutionalize and sustain skills within their police training academy.

**Governing Justly and Democratically (\$12.0 million):** A range of technical assistance activities will consolidate democratic gains in BiH, including helping BiH reform its constitution, laws and legal institutions; strengthen the effectiveness of its elections and political processes; and enact local government reform and decentralization at the canton and municipal level. U.S. assistance will help reduce corruption and strengthen justice sector capabilities and judicial independence through police training, justice sector technical assistance, and secondment of prosecutors. The United States will assist BiH to strengthen its civil society, increase participation of vulnerable and minority groups, and improve media freedom and freedom of information. To support human rights in BiH and facilitate the completion strategy for the International Criminal Tribunal for the Former Yugoslavia (ICTY), the United States will provide assistance to the war crimes chamber of the State Court, building local capacity and enabling it to assume cases from ICTY.

**Economic Growth (\$6.4 million):** Significant progress has been made already to help BiH modernize its economy. Past U.S. support for tax reform, the banking sector and the privatization of state owned enterprises are notable successes. BiH also accelerated efforts to remove impediments to small and medium enterprises. However, indicators for regulatory quality in BiH are still quite low. Next stage assistance will focus on strengthening the business and financial sectors and the policy environment for micro and small enterprises. To help BiH attract foreign direct investment and improve its access to other markets, the United States will provide technical assistance to develop capacity and the enabling environment for trade and investment. Many of the investments the United States has made to improve the BiH economy will be unsustainable if there is not sufficient expertise in modern accountancy, financial management and other aspects of private sector operation. Lastly, as BiH is a member of the community of nations in Southeast Europe that cooperate on the generation, transmission and regulation of the power sector, it is vitally important to continue support for modern energy services.

## Request by Element

(\$ in Thousands)	2006 Actual	2007 Estimate	2008 Request
<b>TOTAL</b>	51,022	*	32,950
Peace & Security	17,952	*	14,550
Counter-Terrorism	485	*	650
Governments' Capabilities	485	*	650
Combating Weapons of Mass Destruction (WMD)	895	*	400
Counter WMD Proliferation and Combat WMD Terrorism	895	*	0
Program Support (WMD)	0	*	400
Stabilization Operations and Security Sector Reform	15,883	*	12,800
Defense, Military, and Border Restructuring, Reform and Operations	9,883	*	8,800
Law Enforcement Restructuring, Reform and Operations	5,910	*	3,920
Program Support (Stabilization)	90	*	80
Transnational Crime	689	*	700
Financial Crimes and Money Laundering	159	*	200
Trafficking-in-Persons and Migrant Smuggling	500	*	475
Program Support (Crime)	30	*	25
Governing Justly & Democratically	19,683	*	12,050
Rule of Law and Human Rights	6,977	*	6,650
Constitutions, Laws, and Legal Systems	0	*	909
Judicial Independence	0	*	637
Justice System	4,110	*	2,682
Human Rights	2,235	*	1,819
Program Support (Rule of Law)	632	*	603
Good Governance	4,460	*	2,300
Local Government and Decentralization	4,000	*	1,996
Program Support (Governance)	460	*	304
Political Competition and Consensus-Building	2,680	*	1,000
Political Parties	2,400	*	840
Program Support (Political Competition)	280	*	160
Civil Society	5,566	*	2,100
Civic Participation	4,396	*	1,714
Media Freedom and Freedom of Information	800	*	286
Program Support (Civil Society)	370	*	100
Economic Growth	13,387	*	6,350
Trade and Investment	399	*	600
Trade and Investment Enabling Environment	309	*	232
Trade and Investment Capacity	0	*	232
Program Support (Trade)	90	*	136
Financial Sector	1,613	*	500
Financial Sector Enabling Environment	1,378	*	427
Program Support (Financial Sector)	235	*	73
Infrastructure	850	*	1,000
Modern Energy Services	800	*	941
Program Support (Infrastructure)	50	*	59
Agriculture	51	*	0
Agricultural Enabling Environment	35	*	0
Program Support (Agriculture)	16	*	0
Private Sector Competitiveness	4,700	*	2,000



(\$ in Thousands)	2006 Actual	2007 Estimate	2008 Request
Private Sector Productivity	4,070	*	1,658
Program Support (Private Sector)	630	*	342
Economic Opportunity	5,774	*	2,250
Policy Environment for Micro and Small Enterprises	5,000	*	1,855
Program Support (Econ Opportunity)	774	*	395

#### **Statement of Changes**

Funding for Bosnia and Herzegovina has decreased from FY 2006 levels in all accounts (with the exception of the International Military Education and Training account). This reflects both competing priorities worldwide and a growing expectation that Bosnian institutions shoulder increased responsibility for the country's economic, democratic, and security sector reforms, even while the United States maintains its firm commitment to assisting Bosnia and Herzegovina in those transitions.

**BULGARIA**  
Transforming

**Obstacles and Opportunities for Advancing Transformational Diplomacy**

Bulgaria has made impressive progress, becoming a NATO member in 2004 and entering the European Union (EU) in January 2007. Ensuring Bulgaria remains a dependable and increasingly capable NATO ally is a key priority for U.S. assistance. Bulgaria is a steadfast contributor to the Global War on Terror (GWOT) and coalition operations in Iraq, Afghanistan, Kosovo, and Bosnia and Herzegovina, and recently allowed stationing of U.S. forces at three Bulgarian bases. Bulgaria has also made solid contributions as a new NATO member and supports NATO activities outside its historic area of operation. With its recent experience in democratic transition and historic links to the Middle East and Central Asia, Bulgaria is uniquely suited to support transformational diplomacy and democratic development beyond Europe's borders. At the same time, it is reliant on U.S. assistance to complete its military modernization, improve its interoperability with NATO, and increase its deployment capabilities. Bulgaria also continues to possess enormous stockpiles of cold war era small arms and light weapons (SA/LW) and ammunition, stored at poorly maintained and insecure facilities. U.S. focus must remain on helping Bulgaria build the capabilities it needs to become a truly integrated member of the Euro-Atlantic family of democratic nations and a strong partner of the United States in countering common security threats.

**Resources to Help Advance Transformational Diplomacy**

**Request by Objective**

(\$ in thousands)	2006 Actual	2007 Estimate	2008 Request
Peace & Security	12,254	*	15,200
Governing Justly & Democratically	12,516	*	0
Economic Growth	7,210	*	0
<b>Total</b>	<b>31,980</b>	*	<b>15,200</b>

**Request by Account**

(\$ in thousands)	2006 Actual	2007 Estimate	2008 Request
Foreign Military Financing	9,900	*	13,200
International Military Education & Training	1,580	*	1,700
Nonproliferation, Antiterrorism & Demining	400	*	300
Assistance for Eastern Europe and Baltic States	20,100	*	0
<b>Total</b>	<b>31,980</b>	*	<b>15,200</b>
Peace Corps	3197	*	2893

**Peace and Security (\$15.2 million):** The top U.S. priority in Bulgaria in FY 2008 is to complete its military transformation and improve its NATO interoperability to enable effective participation in NATO and other coalition operations. U.S. assistance will support security restructuring, reform, and operations by building Bulgaria's NATO niche capabilities and will also support Bulgaria's current participation in coalition operations. The United States will also counter illicit trafficking in conventional weapons by supporting the destruction of Bulgaria's excess SA/LW and ammunition, which are a proliferation risk and a threat to the civilian population. Safeguarding these stockpiles drains Bulgaria's military resources, hampering its ability to become a fully professionalized, modern military.

Although Bulgaria has achieved gains in the transition to market economy and democracy sufficient to justify cessation of U.S. assistance in these sectors, the country continues to face challenges in the justice sector, public administration, and corruption. The European Union is actively engaged in supporting Bulgarian reforms in these sectors, building upon the institutional capacity developed through past U.S. assistance. Support for East European Democracy (SEED) assistance in economic and democratic transition was phased out in FY 2006.

### Request by Element

(\$ in Thousands)	2006 Actual	2007 Estimate	2008 Request
<b>TOTAL</b>	31,980	*	15,200
Peace & Security	12,254	*	15,200
Counter-Terrorism	0	*	300
Governments' Capabilities	0	*	300
Stabilization Operations and Security Sector Reform	11,880	*	14,900
Destruction and Security of Conventional Weapons	400	*	0
Defense, Military, and Border Restructuring, Reform and Operations	11,480	*	14,900
Transnational Crime	145	*	0
Trafficking-in-Persons and Migrant Smuggling	145	*	0
Conflict Mitigation and Reconciliation	229	*	0
Conflict Mitigation	229	*	0
Governing Justly & Democratically	12,516	*	0
Rule of Law and Human Rights	6,574	*	0
Justice System	5,899	*	0
Program Support (Rule of Law)	675	*	0
Good Governance	4,250	*	0
Local Government and Decentralization	2,500	*	0
Anti-Corruption Reforms	1,350	*	0
Program Support (Governance)	400	*	0
Civil Society	1,692	*	0
Civic Participation	1,337	*	0
Media Freedom and Freedom of Information	155	*	0
Program Support (Civil Society)	200	*	0
Economic Growth	7,210	*	0
Macroeconomic Foundation for Growth	436	*	0
Fiscal policy	436	*	0
Trade and Investment	650	*	0
Trade and Investment Capacity	500	*	0
Program Support (Trade)	150	*	0
Financial Sector	1,684	*	0
Financial Sector Enabling Environment	1,534	*	0
Program Support (Financial Sector)	150	*	0
Infrastructure	200	*	0
Modern Energy Services	200	*	0
Agriculture	634	*	0
Agricultural Enabling Environment	438	*	0
Program Support (Agriculture)	196	*	0
Private Sector Competitiveness	3,606	*	0
Business Enabling Environment	2,656	*	0

(\$ in Thousands)	2006 Actual	2007 Estimate	2008 Request
Workforce Development	750	*	0
Program Support (Private Sector)	200	*	0

#### **Statement of Changes**

Bulgaria graduated from SEED transition assistance in FY 2006, reflecting Bulgaria's progress in economic and democratic reforms. International Military Education and Training (IMET) and Foreign Military Financing (FMF) funding for Bulgaria has increased from FY 2006 to FY 2008. This increase is designed to assist Bulgaria in meeting its new NATO membership requirements and to enable Bulgaria to continue its important contributions to coalition operations.

**CROATIA**  
Sustaining Partnership

**Obstacles and Opportunities for Advancing Transformational Diplomacy**

Croatia's continuing development presents an opportunity to secure the benefits of peace and stability for the region and to further contribute to regional and global security through eventual membership in NATO. As it works towards implementing the necessary reforms to obtain eventual European Union and NATO membership, Croatia graduated from U.S. transition assistance in FY 2006.

**Resources to Help Advance Transformational Diplomacy**

**Request by Objective**

(\$ in thousands)	2006 Actual	2007 Estimate	2008 Request
Peace & Security	1,300	*	774
Governing Justly & Democratically	6,842	*	0
Economic Growth	8,008	*	0
<b>Total</b>	<b>16,150</b>	<b>*</b>	<b>774</b>

**Request by Account**

(\$ in thousands)	2006 Actual	2007 Estimate	2008 Request
International Military Education & Training	0	*	179
Nonproliferation, Antiterrorism & Demining	1,300	*	595
Assistance for Eastern Europe and Baltic States	14,850	*	0
<b>Total</b>	<b>16,150</b>	<b>*</b>	<b>774</b>

**Peace and Security (\$0.8 million):** U.S. assistance is needed to secure Croatia's borders, improve cross-border cooperation, strengthen law enforcement capabilities, and combat the proliferation of weapons of mass destruction (WMD). Funding will also promote defense reform and military restructuring, which are essential for establishing interoperability capabilities required both to participate in coalition operations with the U.S. and to meet NATO's performance-based membership criteria.

**Request by Element**

(\$ in Thousands)	2006 Actual	2007 Estimate	2008 Request
<b>TOTAL</b>	<b>16,150</b>	<b>*</b>	<b>774</b>
Peace & Security	1,300	*	774
Combating Weapons of Mass Destruction (WMD)	1,300	*	595
Counter WMD Proliferation and Combat WMD Terrorism	1,300	*	595
Stabilization Operations and Security Sector Reform	0	*	179
Defense, Military, and Border Restructuring, Reform and Operations	0	*	179
Governing Justly & Democratically	6,842	*	0
Rule of Law and Human Rights	862	*	0
Justice System	605	*	0
Human Rights	248	*	0
Program Support (Rule of Law)	9	*	0

(\$ in Thousands)	2006 Actual	2007 Estimate	2008 Request
Good Governance	3,836	*	0
Local Government and Decentralization	2,482	*	0
Program Support (Governance)	1,354	*	0
Civil Society	2,144	*	0
Civic Participation	1,713	*	0
Media Freedom and Freedom of Information	110	*	0
Program Support (Civil Society)	321	*	0
Economic Growth	8,008	*	0
Agriculture	2,658	*	0
Agricultural Sector Productivity	2,402	*	0
Program Support (Agriculture)	256	*	0
Private Sector Competitiveness	5,350	*	0
Private Sector Productivity	4,584	*	0
Program Support (Private Sector)	766	*	0

#### **Statement of Changes**

Croatia graduated from SEED transition assistance in FY 2006, reflecting Croatia's progress in economic and democratic reforms. As a result of a Presidential waiver of American Servicemembers Protection Act (ASPA) restrictions, Croatia can now receive International Military and Education Training (IMET). Due to competing global priorities, funding was not requested for the border security program that was funded in FY 2006 through the Non-Proliferation, Anti-Terrorism, Demining and Related Programs (NADR) account.

**CYPRUS**  
Sustaining Partnership

**Obstacles and Opportunities for Advancing Transformational Diplomacy**

U.S. strategic goals in Cyprus include building regional stability through a comprehensive settlement of the Cyprus conflict, enhancing cooperation on counter-terrorism, promoting economic prosperity and security, and disrupting criminal organizations, particularly networks of human traffickers. The Cyprus conflict is an obstacle to achieving region-wide U.S. policy goals, since its resolution is critical to Turkey's European Union accession process as well as an important factor in achieving regional stability. Foreign assistance focuses on creating conditions conducive to resolution of the conflict, supporting reunification of the island, promoting peace and cooperation between Greek and Turkish communities, addressing economic disparities between the Turkish Cypriots and Greek Cypriots, and supporting initiatives that encourage a durable peaceful settlement.

**Resources to Help Advance Transformational Diplomacy**

**Request by Objective**

(\$ in thousands)	2006 Actual	2007 Estimate	2008 Request
Peace & Security	20,150	*	11,000
<b>Total</b>	<b>20,150</b>	<b>*</b>	<b>11,000</b>

**Request by Account**

(\$ in thousands)	2006 Actual	2007 Estimate	2008 Request
Economic Support Fund	19,800	*	11,000
Nonproliferation, Antiterrorism & Demining	350	*	0
<b>Total</b>	<b>20,150</b>	<b>*</b>	<b>11,000</b>

**Peace and Security (\$11 million):** Cyprus specific challenges center on the current impasse in UN-brokered negotiations, a widening social gap between Greek and Turkish Cypriots, and persistent economic disparity between the two groups. Recent polls indicate that young Greek Cypriots are not interested in living with Turkish Cypriots and that Turkish Cypriots are growing restless with their economic and social isolation. There is concern that anti-settlement voices may gain ground due to lack of interaction between the two communities, under-developed civil society, and differences in wealth and opportunities.

U.S. assistance addresses the factors impeding a political settlement, encouraging the growth of pro-solution political will among Turkish Cypriots, and building the capacity of civil society island-wide to advocate for peace and reunification. The United States is the only donor providing foreign assistance in Cyprus that promotes a political solution. Although the EU proposed aid and trade assistance to the Turkish Cypriots following their pro-reunification vote in 2004, this assistance focuses on infrastructure and harmonization with EU standards, reducing the costs of reunification rather than promoting reconciliation between the two communities.

As part of U.S. conflict mitigation efforts, assistance concentrates on creating economic opportunities and enhancing economic growth in the Turkish Cypriot community, as well as on broadening Turkish Cypriot access to Greek Cypriot markets and services, and to U.S. and international markets for trade and investment. U.S. assistance provides the primary resources for

programs in critical areas such as banking reform, private sector-led growth, workforce development, vocational training, natural resource management, and the adoption of international norms that include anti-money laundering. These interventions help build the basis for a negotiated peace. Economic development increases support for pro-solution leaders and helps prevent the balance of power from shifting back to those who oppose a settlement.

### Request by Element

(\$ in Thousands)	2006 Actual	2007 Estimate	2008 Request
<b>TOTAL</b>	20,150	*	11,000
Peace & Security	20,150	*	11,000
Combating Weapons of Mass Destruction (WMD)	350	*	0
Counter WMD Proliferation and Combat WMD Terrorism	350	*	0
Conflict Mitigation and Reconciliation	19,800	*	11,000
Peace and Reconciliation Processes	19,379	*	11,000
Program Support (Conflict)	421	*	0

### Statement of Changes

The top priority for Cyprus is conflict mitigation and reconciliation funding, aimed at preparing for and encouraging the reunification of the island. Due to competing global priorities, FY 2008 funding for Cyprus has decreased from FY 2006 by \$9.2 million or 45 percent. No Nonproliferation, Antiterrorism, Demining and Related Programs (NADR) have been requested as Cyprus graduated from the U.S.-funded border security program.



**CZECH REPUBLIC**  
Sustaining Partnership

**Obstacles and Opportunities for Advancing Transformational Diplomacy**

The Czech Republic has embraced a pro-transatlantic foreign policy and democratic transformation around the world. With its membership in NATO, European Union, and the World Trade Organization (WTO), combined with increasing activism in international affairs, the Czech Republic has proven an important and reliable ally in promoting democracy, market reforms, anti-terrorism, and non-proliferation. Continuing security assistance provides an opportunity to secure the benefits of peace and stability for the region and to further improve the interoperability of the armed forces of the Czech Republic to participate in coalition operations supporting the Global War on Terrorism.

**Resources to Help Advance Transformational Diplomacy**

**Request by Objective**

(\$ in thousands)	2006 Actual	2007 Estimate	2008 Request
Peace & Security	5,993	*	4,300
<b>Total</b>	<b>5,993</b>	<b>*</b>	<b>4,300</b>

**Request by Account**

(\$ in thousands)	2006 Actual	2007 Estimate	2008 Request
Foreign Military Financing	3,957	*	3,000
International Military Education & Training	2,036	*	1,300
<b>Total</b>	<b>5,993</b>	<b>*</b>	<b>4,300</b>

**Peace and Security (\$4.3 million):** The Czech Republic is making important strides in modernizing its military to provide better-equipped and better trained forces to participate in international security operations. U.S. assistance helps secure the Czech Republic's capability to enhance regional stability and contribute alongside the United States and its allies in coalition operations around the globe. Funding will provide specialized equipment in line with NATO niche requirements, as well as support English language training and professional military education, which will better prepare Czech forces for NATO/U.S. interoperability.

**Request by Element**

(\$ in Thousands)	2006 Actual	2007 Estimate	2008 Request
<b>TOTAL</b>	5,993	*	4,300
Peace & Security	5,993	*	4,300
Stabilization Operations and Security Sector Reform	5,993	*	4,300
Defense, Military, and Border Restructuring, Reform and Operations	5,993	*	4,300

**Statement of Changes**

Funding for Czech Republic has decreased from FY 2006 levels in the Foreign Military Financing (FMF) and International Military Education and Training (IMET) accounts. This decrease reflects the increasing capability and NATO interoperability of the Czech Armed Forces. IMET and FMF allocations to the Czech Republic remain substantial in recognition of the Czech Republic's important role as a contributor to coalition operations.

**ESTONIA**  
Sustaining Partnership

**Obstacles and Opportunities for Advancing Transformational Diplomacy**

Estonia is a strong and reliable transatlantic partner in advancing peace, stability, and democracy in Europe and beyond. An Estonian platoon is deployed in Baghdad, and Estonia has committed 150 soldiers to a British-led Provincial Reconstruction Team in Helmand province in southern Afghanistan. Estonia joined NATO in 2004 and considers NATO the cornerstone of its security and defense. Estonia's history of Soviet occupation during the past century, however, leads many Estonian military and civilian leaders to question the use of limited resources on out-of-country operations rather than on funding their own internal defense capability. Foreign assistance to Estonia provides the opportunity to sustain and expand the strong partnership the United States has formed with Estonia, contribute to improved NATO interoperability, and support Estonia's military commitments abroad, including in Afghanistan, Iraq, Kosovo, and Bosnia.

**Resources to Help Advance Transformational Diplomacy**

**Request by Objective**

(\$ in thousands)	2006 Actual	2007 Estimate	2008 Request
Peace & Security	5,797	*	4,100
<b>Total</b>	<b>5,797</b>	<b>*</b>	<b>4,100</b>

**Request by Account**

(\$ in thousands)	2006 Actual	2007 Estimate	2008 Request
Foreign Military Financing	4,451	*	3,000
International Military Education & Training	1,296	*	1,100
Nonproliferation, Antiterrorism & Demining	50	*	0
<b>Total</b>	<b>5,797</b>	<b>*</b>	<b>4,100</b>

**Peace and Security (\$4.1 million):** Foreign assistance to Estonia provides an exponential return on investment by maintaining strong political support for global coalition operations and a willingness to provide personnel, equipment, and associated support. U.S. security assistance will promote increased NATO interoperability and improve Estonian defense capabilities and force readiness through training and the provision of military equipment. U.S. programs will bolster the capability of Estonia's armed forces to conduct peacekeeping operations and help develop Estonia's NATO niche capabilities to further contribute to the global security and to fighting the Global War on Terrorism. The programs will also allow Estonia to continue efforts to provide training and share NATO accession experiences with its neighbors, such as Georgia and Ukraine.

### Request by Element

(\$ in Thousands)	2006 Actual	2007 Estimate	2008 Request
<b>TOTAL</b>	5,797	*	4,100
Peace & Security	5,797	*	4,100
Combating Weapons of Mass Destruction (WMD)	50	*	0
Counter WMD Proliferation and Combat WMD Terrorism	50	*	0
Stabilization Operations and Security Sector Reform	5,747	*	4,100
Defense, Military, and Border Restructuring, Reform and Operations	5,747	*	4,100

### Statement of Changes

Funding for Estonia has decreased from FY 2006 levels in the Foreign Military Financing (FMF) and International Military Education and Training (IMET) accounts. This decrease reflects the increasing capability and NATO interoperability of the Estonian Armed Forces. IMET and FMF allocations to Estonia remain substantial in recognition of the Estonia's important role as a contributor to coalition operations.

**GEORGIA**  
Developing

**Obstacles and Opportunities for Advancing Transformational Diplomacy**

Georgia's rapid progress on reform since its 2003 Rose Revolution provides a historic opportunity to advance the country's transition to a free market democracy by strengthening the rule of law, improving governance, increasing economic growth, and supporting Georgia's ability to invest in its people. These steps would increase the appeal for residents of the separatist regions of Abkhazia and South Ossetia to reintegrate with Georgia, fostering a peaceful resolution to these long-standing conflicts and enhancing regional stability. Sustained development is critical for Georgia to serve as the beacon of reform President Bush identified it as in 2005, serving as a democratic model in the strategic seam between Europe, Eurasia and the Middle East. Obstacles remain, however. To consolidate recent gains, Georgia must strengthen its democratic institutions, in particular, by increasing judicial independence, parliamentary oversight of the executive branch, rule of law consistent with respect for human rights, and government transparency. Additionally, if reforms are to be sustained, Georgia must create an environment receptive to opposition and minority voices, in part by strengthening media freedom, holding elections that fully meet international standards, and engendering equitable treatment for minorities. Despite significant reforms, rural poverty has increased and there has been little development outside of the capital. Georgia faces increased pressure from Russia as it deepens its Euro-Atlantic ties and becomes a transit corridor for Caspian energy to international markets. The January 2006 energy crisis proved that Georgia is reliant on energy supplies from Russia, a weakness the Kremlin has chosen to exploit. Russian support for separatists continues to hinder efforts to advance peaceful resolutions to the conflicts in South Ossetia and Abkhazia that respect Georgia's territorial integrity.

**Resources to Help Advance Transformational Diplomacy**

**Request by Objective**

(\$ in thousands)	2006 Actual	2007 Estimate	2008 Request
Peace & Security	34,753	*	25,415
Governing Justly & Democratically	15,434	*	14,400
Investing in People	9,560	*	8,100
Economic Growth	22,445	*	13,800
Humanitarian Assistance	3,396	*	2,800
<b>Total</b>	<b>85,588</b>	<b>*</b>	<b>64,515</b>

**Request by Account**

(\$ in thousands)	2006 Actual	2007 Estimate	2008 Request
Development Assistance	100	*	0
Foreign Military Financing	11,880	*	10,000
Freedom Support Act	67,780	*	50,500
International Military Education & Training	1,275	*	800
Nonproliferation, Antiterrorism & Demining	3,137	*	3,215
Public Law 480 (Food Aid)	1,416**	*	0
<b>Total</b>	<b>85,588</b>	<b>*</b>	<b>64,515</b>
Peace Corps	1804	*	1906

\*\*FY 2006 includes \$1.416 million of P.L. 480 Title II emergency food aid. Emergency food aid has not been allocated to countries in FY 2008.

**Peace and Security (\$25.4 million):** The United States can best assist Georgia in establishing peace and security by focusing on stabilization operations and security sector reform. U.S. programs will assist in the development and modernization of the Georgian armed forces, specifically by bolstering their peacekeeping capabilities and preparing them for invitation into NATO. Georgia has taken a number of steps to reform its Ministries of Interior and Defense. U.S. programs aim to strengthen Georgia's ability to secure its borders by detecting and deterring trafficking in WMD and other illicit materials and enhance regional stability by helping professionalize Georgia's military. U.S. assistance will also help Georgia strengthen the rule of law by improving police management and training and equipping law enforcement authorities to combat trafficking, organized crime, money laundering, and terrorist financing. U.S. assistance will also advance regional stability by supporting conflict mitigation projects in South Ossetia and Abkhazia.

**Governing Justly and Democratically (\$14.4 million):** Despite Georgia's success in streamlining and decentralizing government and combating corruption, independent assessments indicate that Georgian institutions function less effectively than the average of those in the Developing category. The United States will help Georgia consolidate democratic gains by supporting improved effectiveness, transparency, responsiveness and accountability of all branches of government. U.S. assistance will enhance the ability of Georgian civil society groups and independent media to engage the government on issues of public concern and to promote government accountability. U.S. efforts will further support the development of checks and balances by working to strengthen the independence and professionalism of the judiciary and the legislature; facilitate efforts to strengthen pluralism and create a more stable party system and ensure a free, fair and orderly electoral process; and improve respect for human rights by law enforcement officials.

**Investing in People (\$8.1 million):** Georgia meets or surpasses the average of Developing category countries for all but two indicators under this objective - public expenditure on health and education. The Government of Georgia (GOG) does not have the administrative capacity to deliver public services necessary for raising living standards. Georgia's alarming abortion rate, officially reported at 3.7 per woman, ranks highest in the world. U.S.-funded health programs will help mitigate HIV/AIDS, including in Abkhazia; control Georgia's tuberculosis epidemic by expanding coverage of the universally-recognized Directly Observed Treatment Short-Course (DOTS) protocol; provide improved maternal and child health care to reverse backsliding in Georgia's under-five mortality rate; and increase the use of modern methods of family planning. Funding will support a primary health care reform program to improve the ability of the Ministry of Labor, Health, and Social Affairs to provide cost-effective health services and promote efficient social sector financing. U.S.-funded education programs will not only support both the decentralization and reform of the basic education system but will also increase transparency and curriculum reform in higher education.

Linkages with the President's Plan for AIDS Relief (PEPFAR): Georgia will receive significant support for bilateral HIV/AIDS programs in FY 2008, with programmatic emphasis on a range of interventions related to care, treatment, and prevention.

**Economic Growth (\$13.8 million):** Georgia meets or surpasses the average for Developing category countries in all economic growth indicators except one: business climate. Nevertheless, the business climate is steadily improving, and in September 2006 the World Bank listed Georgia as one of the top reformers in this area. Georgia ranks next to last among Eurasian states in per

capita income; deteriorating infrastructure and lack of market diversity hamper trade and undermine investment. U.S. assistance will help implement free market reforms to improve the trade and business and agricultural climates; develop micro-, small-, and medium-sized enterprises; make financial markets more inclusive; improve productivity; and strengthen monetary and fiscal policy. To address Georgia's critical need for energy security, U.S. programs will help diversify energy imports, reduce dependency on imported hydrocarbons by stabilizing electricity supply, improve sector efficiency, and facilitate Caspian-European energy transit. U.S. assistance will also work to improve the service quality, efficiency and bankability of the water utilities, thus improving the delivery of municipal services.

**Humanitarian Assistance (\$2.8 million):** More than 250,000 persons remain uprooted by the conflicts in Abkhazia and South Ossetia. U.S. assistance will support the GOG's efforts to address their humanitarian needs until long-term solutions are found to integrate internally displaced persons or until these persons are allowed to return to their homes in the separatists regions. U.S. assistance will improve social services and protection for vulnerable populations by facilitating the transport of essential medicines for humanitarian purposes.

### Request by Element

(\$ in Thousands)	2006 Actual	2007 Estimate	2008 Request
<b>TOTAL</b>	85,588	*	64,515
Peace & Security	34,753	*	25,415
Counter-Terrorism	1,014	*	565
Governments' Capabilities	1,014	*	565
Combating Weapons of Mass Destruction (WMD)	864	*	1,200
Counter WMD Proliferation and Combat WMD Terrorism	616	*	1,200
Program Support (WMD)	248	*	0
Stabilization Operations and Security Sector Reform	30,353	*	20,750
Operations Support	11,880	*	10,000
Destruction and Security of Conventional Weapons	0	*	1,956
Explosive Remnants of War (ERW)	2,123	*	700
Defense, Military, and Border Restructuring, Reform and Operations	8,219	*	5,716
Law Enforcement Restructuring, Reform and Operations	7,038	*	1,762
Program Support (Stabilization)	1,093	*	616
Counter-Narcotics	0	*	300
Eradication	0	*	294
Program Support (Narcotics)	0	*	6
Transnational Crime	0	*	600
Financial Crimes and Money Laundering	0	*	392
Trafficking-in-Persons and Migrant Smuggling	0	*	196
Program Support (Crime)	0	*	12
Conflict Mitigation and Reconciliation	2,522	*	2,000
Peace and Reconciliation Processes	2,350	*	1,864
Program Support (Conflict)	172	*	136
Governing Justly & Democratically	15,434	*	14,400
Rule of Law and Human Rights	2,760	*	2,800
Constitutions, Laws, and Legal Systems	0	*	1,187
Judicial Independence	515	*	791
Justice System	2,215	*	495
Human Rights	0	*	297
Program Support (Rule of Law)	30	*	30

(\$ in Thousands)	2006 Actual	2007 Estimate	2008 Request
Good Governance	6,810	*	5,400
Legislative Function and Processes	855	*	944
Public Sector Executive Function	3,032	*	1,887
Local Government and Decentralization	2,539	*	1,321
Anti-Corruption Reforms	0	*	944
Program Support (Governance)	384	*	304
Political Competition and Consensus-Building	523	*	3,400
Consensus-Building Processes	0	*	536
Elections and Political Processes	0	*	1,786
Political Parties	467	*	714
Program Support (Political Competition)	56	*	364
Civil Society	5,341	*	2,800
Civic Participation	4,961	*	1,936
Media Freedom and Freedom of Information	210	*	775
Program Support (Civil Society)	170	*	89
Investing in People	9,560	*	8,100
Health	7,655	*	4,600
HIV/AIDS	1,441	*	1,500
Tuberculosis	977	*	500
Other Public Health Threats	1,647	*	0
Maternal and Child Health	1,565	*	500
Family Planning and Reproductive Health	725	*	1,600
Water Supply and Sanitation	1,300	*	500
Education	1,905	*	1,700
Basic Education	1,263	*	1,200
Higher Education	642	*	500
Social and Economic Services and Protection for Vulnerable Populations	0	*	1,800
Policies, Regulations, and Systems	0	*	1,800
Economic Growth	22,445	*	13,800
Macroeconomic Foundation for Growth	1,820	*	1,200
Fiscal policy	1,000	*	519
Monetary policy	574	*	519
Program Support (Macro Econ)	246	*	162
Trade and Investment	1,831	*	1,500
Trade and Investment Enabling Environment	1,302	*	945
Trade and Investment Capacity	428	*	472
Program Support (Trade)	101	*	83
Financial Sector	920	*	800
Financial Sector Enabling Environment	0	*	774
Financial Services	893	*	0
Program Support (Financial Sector)	27	*	26
Infrastructure	5,554	*	3,000
Modern Energy Services	5,041	*	2,723
Program Support (Infrastructure)	513	*	277
Agriculture	6,805	*	1,800
Agricultural Enabling Environment	1,286	*	471
Agricultural Sector Productivity	5,130	*	1,226
Program Support (Agriculture)	389	*	103
Private Sector Competitiveness	2,314	*	3,500
Business Enabling Environment	2,115	*	1,828

(\$ in Thousands)	2006 Actual	2007 Estimate	2008 Request
Private Sector Productivity	0	*	914
Workforce Development	0	*	457
Program Support (Private Sector)	199	*	301
<b>Economic Opportunity</b>	<b>2,802</b>	<b>*</b>	<b>2,000</b>
Inclusive Financial Markets	0	*	1,404
Policy Environment for Micro and Small Enterprises	144	*	468
Strengthen Microenterprise Productivity	2,479	*	0
Program Support (Econ Opportunity)	179	*	128
<b>Environment</b>	<b>399</b>	<b>*</b>	<b>0</b>
Natural Resources and Biodiversity	350	*	0
Program Support (Environment)	49	*	0
<b>Humanitarian Assistance</b>	<b>3,396</b>	<b>*</b>	<b>2,800</b>
Protection, Assistance and Solutions	3,396	*	2,800
Protection and Solutions	0	*	2,000
Crisis Assistance and Recovery	3,396	*	800

#### **Linkages with the Millennium Challenge Corporation (MCC)**

Georgia has a \$295 million Millennium Challenge Corporation (MCC) compact focused on rehabilitating regional infrastructure and promoting private sector development. The economic growth programs described above are intended to underpin and reinforce this MCC compact investment.

#### **Statement of Changes**

Funding for Georgia has decreased from FY 2006 levels. Among program elements, there were significant decreases in Economic Growth, specifically in trade and investment, infrastructure and agriculture. These decreases take into account Georgia's significant progress in reforming the business climate, attracting investment, the GOG's adoption of a comprehensive energy sector strategy, and reforms in the agriculture sector. There was also a substantial decrease in Peace and Security, specifically in defense, military and border restructuring and law enforcement operations. This is due to the completion of infrastructure projects such as border posts and commitment by the GOG to continue these projects. While democratic reforms are progressing at a rapid pace in Georgia, funding in the Governing Justly and Democratically remained relatively stable, recognizing the need to further democratic reform and consolidate the gains of the Rose Revolution.



**GREECE**  
Sustaining Partnership

**Obstacles and Opportunities for Advancing Transformational Diplomacy**

Despite its strategic location in the Eastern Mediterranean and large defense budget, the Greeks have not always played a substantive role in NATO. International Military Educational Training (IMET) contributes substantially toward interoperability of Greek forces within NATO, and helps focus Greek officers on the positive impact Greece can have within the wider Alliance.

**Resources to Help Advance Transformational Diplomacy**

**Request by Objective**

(\$ in thousands)	2006 Actual	2007 Estimate	2008 Request
Peace & Security	573	*	590
<b>Total</b>	<b>573</b>	<b>*</b>	<b>590</b>

**Request by Account**

(\$ in thousands)	2006 Actual	2007 Estimate	2008 Request
International Military Education & Training	573	*	590
<b>Total</b>	<b>573</b>	<b>*</b>	<b>590</b>

**Peace and Security (\$0.6 million):** U.S. assistance is focused on IMET funding to enhance regional stability, build close ties/mutual understanding, and assist with Greek military transformation. IMET substantially increases NATO interoperability through hands-on equipment training, facilitates understanding between our militaries, and augments sales of U.S. defense-related items that are crucial to NATO effectiveness. In turn, more comprehensive Greek participation in NATO enhances regional security, and increases Greek capabilities in GWOT.

**Request by Element**

(\$ in Thousands)	2006 Actual	2007 Estimate	2008 Request
<b>TOTAL</b>	<b>573</b>	<b>*</b>	<b>590</b>
Peace & Security	573	*	590
Stabilization Operations and Security Sector Reform	573	*	590
Defense, Military, and Border Restructuring, Reform and Operations	573	*	590

**Statement of Changes**

Funding of security sector programs has remained steady from FY 2006 to FY 2008, reflecting continued U.S. engagement in this sector.

**HUNGARY**  
Sustaining Partnership

**Obstacles and Opportunities for Advancing Transformational Diplomacy**

The United States and Hungary enjoy a strong relationship based on shared values of democratic and free-market principles. Since Hungary joined the EU and NATO, the scope and depth of its relationship with the United States has broadened and matured. Hungary is a firm ally in the Global War on Terror, contributing troops to NATO missions in Afghanistan, Iraq, and the Balkans. Hungary plays an important role in promoting security, democracy and stability in the region, in part due its strategic geopolitical position. With the highest public debt ratio in the EU, Hungary has had to abandon its commitment to adopting the Euro by 2010 and has embarked on an aggressive economic reform package, which includes cutting back on defense-related expenditures. U.S. assistance provides the opportunity to counteract these pressures and maintain the momentum of Hungary's development as a positive force in regional stability and global coalition operations.

**Resources to Help Advance Transformational Diplomacy**

**Request by Objective**

(\$ in thousands)	2006 Actual	2007 Estimate	2008 Request
Peace & Security	4,799	*	3,200
<b>Total</b>	<b>4,799</b>	<b>*</b>	<b>3,200</b>

**Request by Account**

(\$ in thousands)	2006 Actual	2007 Estimate	2008 Request
Foreign Military Financing	2,474	*	2,000
International Military Education & Training	1,685	*	1,200
Nonproliferation, Antiterrorism & Demining	640	*	0
<b>Total</b>	<b>4,799</b>	<b>*</b>	<b>3,200</b>

**Peace and Security (\$3.2 million):** Foreign assistance to Hungary contributes to regional stability and helps maintain strong political support for coalition operations including a willingness to provide personnel, equipment, and other resources for these operations. Funds will promote the development of a smaller, flexible, sustainable, and NATO-interoperable military capable of meeting NATO Article V commitments and participation in peace support operations. Funds will also help Hungary develop niche capabilities and provide English language training and professional military education to ensure interoperability with NATO.

**Request by Element**

(\$ in Thousands)	2006 Actual	2007 Estimate	2008 Request
<b>TOTAL</b>	4,799	*	3,200
Peace & Security	4,799	*	3,200
Counter-Terrorism	640	*	0
Governments' Capabilities	640	*	0
Stabilization Operations and Security Sector Reform	4,159	*	3,200
Defense, Military, and Border Restructuring, Reform and Operations	4,159	*	3,200

### **Statement of Changes**

Funding for Hungary has decreased from FY 2006 levels in the Foreign Military Financing (FMF) and International Military Education and Training (IMET) accounts. This decrease reflects the increasing capability and NATO interoperability of the Hungarian Armed Forces. IMET and FMF allocations to Hungary remain substantial in recognition of the Hungary's important role as a contributor to coalition operations.

**IRELAND**  
Sustaining Partnership

**Obstacles and Opportunities for Advancing Transformational Diplomacy**

Ireland is an important ally in promoting the U.S. transatlantic agenda, especially the Global War on Terrorism. Sectarian struggle in Northern Ireland constitutes an obstacle to fuller Irish engagement in support of this agenda. U.S. assistance promotes peace and reconciliation processes in support of Irish and British efforts to defuse sectarian differences in Northern Ireland, and fosters economic revival in areas affected by the conflict.

**Resources to Help Advance Transformational Diplomacy**

**Request by Objective**

(\$ in thousands)	2006 Actual	2007 Estimate	2008 Request
Peace & Security	15,444	*	500
Economic Growth	1,386	*	500
<b>Total</b>	<b>16,830</b>	<b>*</b>	<b>1,000</b>

**Request by Account**

(\$ in thousands)	2006 Actual	2007 Estimate	2008 Request
Economic Support Fund	16,830	*	1,000
<b>Total</b>	<b>16,830</b>	<b>*</b>	<b>1,000</b>

**Peace and Security (\$0.6 million):** U.S. assistance supports the peace process through the Walsh Visa Program, which brings unemployed young people from Northern Ireland and six border counties of the Ireland to the U.S. where they are offered training in conflict resolution.

**Economic Growth (\$0.4 million):** Funding is focused on fostering economic revival in affected areas, as well as employment and job training through the Walsh Visa Program.

**Request by Element**

(\$ in Thousands)	2006 Actual	2007 Estimate	2008 Request
<b>TOTAL</b>	<b>16,830</b>	<b>*</b>	<b>1,000</b>
Peace & Security	15,444	*	500
Conflict Mitigation and Reconciliation	15,444	*	500
Peace and Reconciliation Processes	14,965	*	500
Program Support (Conflict)	479	*	0
Economic Growth	1,386	*	500
Private Sector Competitiveness	1,386	*	500
Workforce Development	1,067	*	500
Program Support (Private Sector)	319	*	0

**Statement of Changes**

The sharp decrease in Economic Support Funds (ESF) to Ireland between FY 2006 and FY 2008 reflects the sunset of the Walsh Visa Program and Ireland's progress in conflict resolution. It is expected that FY 2008 will be the final year of U.S. assistance to Ireland.

**KOSOVO**  
Rebuilding

**Obstacles and Opportunities for Advancing Transformational Diplomacy**

The Administration anticipates that by FY 2008 Kosovo will have entered a distinctly new phase in its status and development. The political process begun in November 2005 under the auspices of the UN-Special envoy to determine Kosovo's status should be complete, and FY 2008 will likely be the first full post-status fiscal year. Kosovo will have to balance its security with development and integration priorities. The U.S. vision for Kosovo is the territory's transformation into a stable, democratic society, fully respecting the rights of its minorities, at peace with its neighbors and on an irreversible path to European integration. After more than seven years of UN administration and oversight, Kosovo institutions are assuming greater responsibility for many governmental functions in accordance with UNSCR 1244. Managing these transitions will be the key challenge for the U.S., working closely with the Contact Group and EU allies and fellow UN Security Council members. While Kosovo's final status has not yet been defined, U.S. foreign policy goals are well-defined to help Kosovo regardless of the status outcome and matched by assistance programs. U.S. assistance programs are designed to complement the U.S. goals of stability, economic and democratic development, and integration into Euro-Atlantic institutions. Kosovo's major challenges are developing a sound market-based economy, unemployment, corruption, crime, and the need for greater protection of minority rights. On this last, U.S. assistance has been included to assist with the return and reintegration of those displaced.

**Resources to Help Advance Transformational Diplomacy**

**Request by Objective**

(\$ in thousands)	2006 Actual	2007 Estimate	2008 Request
Peace & Security	30,486	*	43,000
Governing Justly & Democratically	26,636	*	43,746
Investing in People	250	*	15,800
Economic Growth	20,428	*	43,100
Humanitarian Assistance	0	*	6,000
<b>Total</b>	<b>77,800</b>	<b>*</b>	<b>151,646</b>

**Request by Account**

(\$ in thousands)	2006 Actual	2007 Estimate	2008 Request
International Military Education & Training	0	*	400
Nonproliferation, Antiterrorism & Demining	100	*	0
Assistance for Eastern Europe and Baltic States	77,700	*	151,246
<b>Total</b>	<b>77,800</b>	<b>*</b>	<b>151,646</b>

**Peace and Security (\$43.0 million):** While Kosovo's current security situation is calm, as status negotiations move toward conclusion, the security situation will need to be monitored closely. Although the United Nations Mission in Kosovo (UNMIK) maintains its executive role in sensitive areas like protection of minority rights and law and order, it will likely be completing its mandate in 2007 and a new international civilian mission will be established to oversee implementation of the status settlement. While the EU will lead the development of Kosovo's rule of law sector post-status, the United States will be actively involved in the follow-on International

Civilian Office, which will succeed UNMIK and oversee status implementation, as well as to the NATO-led Kosovo Force. With minimal experience in governance, the Provisional Institutions of Self-Government (PISG) lack capacity in many sectors, and will continue to need international assistance and capacity building support. In addition, Kosovo must deal with the tensions that still exist between Kosovo's ethnic Albanians and other ethnicities, particularly Kosovo Serbs, which may be further exacerbated during the period following determination of final status. Instability in Kosovo in the post-status period could result in an outbreak of ethnic conflict, or serve as an invitation to terrorist elements. Kosovo will require substantial assistance before its institutions can fully assume responsibility for maintaining a safe and secure environment and administering justice. Specific programs will continue to assist the Kosovo Police Service through training and capacity-building. Other programs will target the development of Kosovo's security sector, ensuring that Kosovo's current and future security institutions develop democratically, with international standards of professionalism and accountability. This will be achieved through English language training, human rights and rule of law training, conflict mitigation services, and programs targeting trafficking and other transnational threats.

**Governing Justly and Democratically (\$43.7 million):** Confidence in central and local government, as well as increased respect for the rule of law and increased capacity of the criminal justice system, will be crucial to stability and economic growth. Local governments, in particular, are the nexus where issues of ethnic reconciliation, return and reintegration of displaced persons, empowerment of minorities, and the provision of basic services for social stability and public safety come together. Programs in this area will include supporting more effective local government through decentralization, strengthening and solidifying an independent judiciary, supporting the continued development of political parties, and assisting civil society.

**Investing in People (\$15.8 million):** U.S. programs will focus on basic education and capacity-building among government agencies. Programs aimed at higher education will allow Kosovars to develop the skills, attitudes and behaviors needed to create robust governance institutions, and to support increased economic activity. Special investments will also be made in Kosovo's youth, the dominant demographic group. Programs will focus on addressing public health threats, including Avian Influenza.

**Economic Growth (\$43.1 million):** Kosovo's social stability will require building a solid foundation for economic growth. Poverty reduction and reduced unemployment will require not only government-level programs aimed at fiscal policy and legislation, but development of a robust private sector, especially the critical development of the energy sector, and infrastructure to support economic development. It has been estimated that the withdrawal of UNMIK and reductions in international personnel overall will lead to a contraction of the Kosovo economy, with deep recessions especially in the housing and service sectors. Depending on the outcome of on-going status negotiations, Kosovo may also be servicing a substantial debt burden. U.S. assistance is prepared to help the government deal with this debt. Additional programs will focus on developing Kosovo's integration regionally and internationally, by working to incorporate international standards in the public and private sectors (e.g., agricultural sanitary and phytosanitary standards).

**Humanitarian Assistance (\$6.0 million):** Regardless of the status outcome, there is the possibility of population movements within and from Kosovo as a result of final status negotiations. Additionally, there are still approximately 200,000 Kosovars displaced in Serbia and 16,000 Kosovo refugees in Montenegro; the United States has committed to providing assistance to those persons who choose to return to Kosovo once status is decided. U.S. humanitarian assistance will assist these returnees with reintegration into Kosovo's society and

the rebuilding of their livelihoods. Kosovo also lacks the capability to deal with natural disasters and other contingencies and will require assistance to build local capacities.

### Request by Element

(\$ in Thousands)	2006 Actual	2007 Estimate	2008 Request
<b>TOTAL</b>	<b>77,800</b>	<b>*</b>	<b>151,646</b>
Peace & Security	30,486	*	43,000
Combating Weapons of Mass Destruction (WMD)	100	*	0
Counter WMD Proliferation and Combat WMD Terrorism	100	*	0
Stabilization Operations and Security Sector Reform	27,750	*	30,900
Disarmament, Demobilization & Reintegration (DDR)	0	*	4,410
Destruction and Security of Conventional Weapons	0	*	500
Immediate Protection of Civilians in Conflict	0	*	7,000
Defense, Military, and Border Restructuring, Reform and Operations	0	*	7,900
Law Enforcement Restructuring, Reform and Operations	27,500	*	9,800
Program Support (Stabilization)	250	*	1,290
Counter-Narcotics	0	*	600
Interdiction	0	*	588
Program Support (Narcotics)	0	*	12
Transnational Crime	0	*	3,500
Financial Crimes and Money Laundering	0	*	1,408
Intellectual Property Theft, Corporate Espionage, and Cyber Security	0	*	980
Trafficking-in-Persons and Migrant Smuggling	0	*	1,000
Program Support (Crime)	0	*	112
Conflict Mitigation and Reconciliation	2,636	*	8,000
Conflict Mitigation	2,467	*	6,221
Peace and Reconciliation Processes	169	*	889
Program Support (Conflict)	0	*	890
Governing Justly & Democratically	26,636	*	43,746
Rule of Law and Human Rights	10,172	*	13,600
Constitutions, Laws, and Legal Systems	959	*	3,689
Judicial Independence	1,316	*	4,612
Justice System	7,247	*	3,782
Human Rights	617	*	461
Program Support (Rule of Law)	33	*	1,056
Good Governance	4,531	*	19,646
Legislative Function and Processes	1,036	*	0
Public Sector Executive Function	460	*	3,379
Local Government and Decentralization	3,035	*	10,278
Anti-Corruption Reforms	0	*	2,414
Governance of the Security Sector	0	*	2,897
Program Support (Governance)	0	*	678
Political Competition and Consensus-Building	1,882	*	5,000
Consensus-Building Processes	0	*	924
Elections and Political Processes	1,046	*	2,773
Political Parties	836	*	924
Program Support (Political Competition)	0	*	379
Civil Society	10,051	*	5,500
Civic Participation	8,164	*	2,862
Media Freedom and Freedom of Information	1,887	*	1,908

(\$ in Thousands)	2006 Actual	2007 Estimate	2008 Request
Program Support (Civil Society)	0	*	730
Investing in People	250	*	15,800
Health	0	*	5,500
Other Public Health Threats	0	*	1,000
Water Supply and Sanitation	0	*	4,500
Education	250	*	7,300
Basic Education	0	*	5,300
Higher Education	250	*	2,000
Social and Economic Services and Protection for Vulnerable Populations	0	*	3,000
Social Services	0	*	3,000
Economic Growth	20,428	*	43,100
Macroeconomic Foundation for Growth	4,062	*	1,000
Fiscal policy	4,062	*	889
Program Support (Macro Econ)	0	*	111
Trade and Investment	1,785	*	2,000
Trade and Investment Enabling Environment	1,785	*	0
Trade and Investment Capacity	0	*	1,796
Program Support (Trade)	0	*	204
Financial Sector	1,388	*	1,000
Financial Sector Enabling Environment	843	*	171
Financial Services	545	*	682
Program Support (Financial Sector)	0	*	147
Infrastructure	3,295	*	20,100
Modern Energy Services	3,295	*	5,000
Communications Services	0	*	4,500
Transport Services	0	*	10,600
Agriculture	1,421	*	1,000
Agricultural Enabling Environment	0	*	561
Agricultural Sector Productivity	1,421	*	373
Program Support (Agriculture)	0	*	66
Private Sector Competitiveness	8,477	*	9,500
Business Enabling Environment	2,788	*	949
Private Sector Productivity	2,804	*	6,169
Workforce Development	2,885	*	1,898
Program Support (Private Sector)	0	*	484
Economic Opportunity	0	*	7,500
Strengthen Microenterprise Productivity	0	*	4,500
Inclusive Economic Law and Property Rights	0	*	2,250
Program Support (Econ Opportunity)	0	*	750
Environment	0	*	1,000
Clean Productive Environment	0	*	1,000
Humanitarian Assistance	0	*	6,000
Protection, Assistance and Solutions	0	*	1,700
Protection and Solutions	0	*	1,700
Disaster Readiness	0	*	2,200
Capacity Building, Preparedness, and Planning	0	*	1,300
Mitigation	0	*	900
3 Migration Management	0	*	2,100
Institutional Support and Capacity-building	0	*	1,890
Program Support (Migration)	0	*	210



### **Statement of Changes**

Kosovo's FY 2008 budget request is a 95% increase from FY 2006. The Administration anticipates that by FY 2008 Kosovo will have entered a distinctly new phase in its status and development. The political process begun in November 2005 to determine Kosovo's status should be complete, and FY 2008 will likely be the first full post-status fiscal year. This heightened request is to support the U.S. goal of the territory's transformation into a stable, democratic society, fully respecting the rights of its minorities, at peace with its neighbors and on an irreversible path to European integration. Among program elements, the most substantial increases have been in security sector reform, infrastructure, and economic opportunity. New program focuses include investing in people and humanitarian assistance. All of these funding increases are aimed at promoting stability in the region post-status and providing the necessary tools for solid democratic and economic development to Kosovo's governing institutions.

**LATVIA**  
Sustaining Partnership

**Obstacles and Opportunities for Advancing Transformational Diplomacy**

Latvia is a strong and reliable transatlantic partner in advancing peace, stability, and democracy in Europe and beyond. Latvia is playing a key role in GWOT, providing substantial public, diplomatic, and military support, and with troops in Afghanistan and Iraq. Latvia has suffered three casualties in Iraq, but the government remains committed to supporting stabilization efforts. It also participates in peacekeeping operations in the Balkans. The United States supports Latvia's efforts to share its experiences with other countries transitioning to free market democracies, particularly Ukraine, Moldova, and Georgia. Foreign assistance to Latvia provides the opportunity for the United States to sustain and expand a strong partnership, support Latvia's commitment to ongoing activities in Afghanistan and Iraq, and work with the Latvian military to develop niche capabilities needed by NATO.

**Resources to Help Advance Transformational Diplomacy**

**Request by Objective**

(\$ in thousands)	2006 Actual	2007 Estimate	2008 Request
Peace & Security	7,376	*	4,100
<b>Total</b>	<b>7,376</b>	<b>*</b>	<b>4,100</b>

**Request by Account**

(\$ in thousands)	2006 Actual	2007 Estimate	2008 Request
Foreign Military Financing	5,940	*	3,000
International Military Education & Training	1,326	*	1,100
Nonproliferation, Antiterrorism & Demining	110	*	0
<b>Total</b>	<b>7,376</b>	<b>*</b>	<b>4,100</b>

**Peace and Security (\$4.1 million):** Foreign assistance to Latvia provides an significant return on investment by maintaining strong political support for coalition operations and a willingness to provide personnel, equipment, and associated support. Funds will assist the modernization of the Latvian military and ensure Latvia's continued participation in international peacekeeping missions, as well as in other U.S. and NATO stability operations. Funds will continue to support Latvia's integration into NATO by restructuring and modernizing the Latvian Armed Forces and promoting the development of Latvia's niche capabilities.

### Request by Element

(\$ in Thousands)	2006 Actual	2007 Estimate	2008 Request
<b>TOTAL</b>	7,376	*	4,100
Peace & Security	7,376	*	4,100
Counter-Terrorism	60	*	0
Governments' Capabilities	60	*	0
Combating Weapons of Mass Destruction (WMD)	50	*	0
Counter WMD Proliferation and Combat WMD Terrorism	50	*	0
Stabilization Operations and Security Sector Reform	7,266	*	4,100
Defense, Military, and Border Restructuring, Reform and Operations	7,266	*	4,100

### Statement of Changes

Funding for Latvia has decreased from FY 2006 levels in the Foreign Military Financing (FMF) and International Military Education and Training (IMET) accounts. This decrease reflects the increasing capability and NATO interoperability of the Latvian Armed Forces. IMET and FMF allocations remain substantial in recognition of Latvia's important role as a contributor to coalition operations.

**LITHUANIA**  
Sustaining Partnership

**Obstacles and Opportunities for Advancing Transformational Diplomacy**

Lithuania is a strong and reliable transatlantic partner in advancing peace, stability, and democracy in Europe and beyond. For many years, it has maintained peacekeepers in the Balkans and last year established the lead in a Provincial Reconstruction Team (PRT) in western Afghanistan. Foreign assistance to Lithuania provides the opportunity to sustain and expand the strong partnership the United States has formed with Lithuania, support its commitment to ongoing activities in Afghanistan and Iraq, and work with the Lithuanian military to help it develop niche capabilities needed by NATO.

**Resources to Help Advance Transformational Diplomacy**

**Request by Objective**

(\$ in thousands)	2006 Actual	2007 Estimate	2008 Request
Peace & Security	6,274	*	4,100
<b>Total</b>	<b>6,274</b>	<b>*</b>	<b>4,100</b>

**Request by Account**

(\$ in thousands)	2006 Actual	2007 Estimate	2008 Request
Foreign Military Financing	4,455	*	3,000
International Military Education & Training	1,281	*	1,100
Nonproliferation, Antiterrorism & Demining	538	*	0
<b>Total</b>	<b>6,274</b>	<b>*</b>	<b>4,100</b>

**Peace and Security (\$4.1 million):** Foreign assistance to Lithuania provides a significant return on investment by maintaining strong political support for coalition operations and a willingness to provide personnel, equipment, and associated support. Funds will provide military equipment and training to assist the modernization of the Lithuanian military and ensure Lithuania's continued participation in international peacekeeping missions as well as in other U.S. and NATO stability operations.

**Request by Element**

(\$ in Thousands)	2006 Actual	2007 Estimate	2008 Request
<b>TOTAL</b>	<b>6,274</b>	<b>*</b>	<b>4,100</b>
Peace & Security	6,274	*	4,100
Combating Weapons of Mass Destruction (WMD)	538	*	0
Counter WMD Proliferation and Combat WMD Terrorism	538	*	0
Stabilization Operations and Security Sector Reform	5,736	*	4,100
Defense, Military, and Border Restructuring, Reform and Operations	5,736	*	4,100

### **Statement of Changes**

Funding for Lithuania has decreased from FY 2006 levels in the Foreign Military Financing (FMF) and International Military Education and Training (IMET) accounts. This decrease reflects the increasing capability and NATO interoperability of the Lithuanian Armed Forces. IMET and FMF allocations remain substantial in recognition of the Lithuania's important role as a contributor to coalition operations. Lithuania graduated from U.S.-funded border security assistance and thus no Non-Proliferation, Anti-Terrorism, Demining and Related Programs (NADR) funds were requested in FY 2008.

**MACEDONIA**  
Developing

**Obstacles and Opportunities for Advancing Transformational Diplomacy**

Since gaining independence in 1991, Macedonia has struggled to overcome a legacy of socialism and to deal with challenges to its territorial integrity and sovereignty. Although its resources and capabilities are still limited, it is committed to continued transformation and has proven to be a staunch supporter of the United States in international fora and a strong ally in the Global War on Terrorism (GWOT). Since ethnic tensions boiled over into a brief insurgency in 2001, security and stability have greatly improved, but institutional weaknesses and economic challenges remain. U.S. engagement will further reinforce Macedonia against internal and external threats to its stability while facilitating its integration into the Euro-Atlantic community. This includes assisting its government to continue economic, democratic and military reforms to build strong, stable political institutions and constructive relations with neighbors; prepare it for NATO and EU membership; and enhance its capacity as a partner in the GWOT. Specific challenges include overcoming crime and corruption, which continue to erode the public's confidence in government and discourage local and foreign investment, and addressing high unemployment (38.6 percent), which erodes confidence in government and creates the potential for ethnic tension and unrest.

**Resources to Help Advance Transformational Diplomacy**

**Request by Objective**

(\$ in thousands)	2006 Actual	2007 Estimate	2008 Request
Peace & Security	7,996	*	6,885
Governing Justly & Democratically	13,489	*	6,850
Investing in People	8,791	*	3,000
Economic Growth	11,779	*	8,300
<b>Total</b>	<b>42,055</b>	*	<b>25,035</b>

**Request by Account**

(\$ in thousands)	2006 Actual	2007 Estimate	2008 Request
Foreign Military Financing	3,960	*	4,500
International Military Education & Training	700	*	500
Nonproliferation, Antiterrorism & Demining	2,295	*	1,135
Assistance for Eastern Europe and Baltic States	35,100	*	18,900
<b>Total</b>	<b>42,055</b>	*	<b>25,035</b>
Peace Corps	1677	*	2031

**Peace and Security (\$6.9 million):** U.S. assistance will help Macedonia to reform its military and secure its borders. U.S. programs will enhance Macedonian military capabilities in line with NATO standards, while also increasing its capacities for participation in international missions. Law enforcement programs will assist in better prosecution of major criminal cases; training to improve crime investigation and undercover techniques; improved application of police resources; better border security and expanded community outreach; and countering illicit trafficking in conventional weapons. To improve government capabilities to address terrorism, U.S. funding will assist in raising police and prosecutors' skills to NATO standards and provide maintenance for a modern and highly effective border control system. U.S. assistance also helps the Macedonians counter WMD proliferation, transnational crime, and trafficking in persons.

**Governing Justly and Democratically (\$6.9 million):** Furtherance of the rule of law will be achieved through assistance to the justice system. Its impact will increase the effectiveness of court case management to reduce case backlog; increase access to justice; and increase the effectiveness of court decisions and contract enforcement, thus improving the investment environment in Macedonia. Good governance will be achieved through assistance for local government decentralization, which will stress municipal accountability and greater participation by citizens in the decision making process on issues such as capital expenditures. This will result in increased local political competition and transparency and greater economic development. Civil society as a check on the powers and actions of government will continue to receive assistance to allow local organizations to represent citizens' interests to government in areas of reform necessary for EU accession. Political competition and consensus building will be furthered by assistance for elections, political processes, and political parties. Such support will make the Parliament more independent and responsive to citizen input.

**Investing in People (\$3.0 million):** As Macedonia looks toward EU accession, it must focus on the quality of its education system to ensure that what is taught in schools is relevant to the needs of the modern market. Basic education assistance will result in increased, equitable access to information technology, improved math and science teaching, renovated schools that are more conducive to learning and greater access by minority students. Emphasis on critical thinking and inquiry-based methods will prepare students to become more productive participants in the local polity and economy.

**Economic Growth (\$8.3 million):** Private sector competitiveness will be supported through a strengthened business enabling environment to encourage business formation and address high unemployment; and private sector productivity to assist growing industries compete in global markets, increase value added exports, and attract foreign investment. Agricultural productivity will be improved through assistance to agribusinesses through adoption of global standards and certifications, improved agricultural policies, and integration of advanced and emerging technologies. Advisors on fiscal and monetary policy reforms to improve trade and investment enabling environment and capacity will be provided to achieve more rapid and efficient overall economic performance. The low youth employment rate will improve through workforce development assistance ensuring students are prepared for the 21st century marketplace with computer technology, analytical, and cooperative working skills. Strong linkages between schools and the business sector will be created and sustained to improve curriculum relevancy and employment opportunities for youth. Institutions will be strengthened and people trained to adjust to the demands of the modern economy.

#### Request by Element

(\$ in Thousands)	2006 Actual	2007 Estimate	2008 Request
<b>TOTAL</b>	42,055	*	25,035
Peace & Security	7,996	*	6,885
Counter-Terrorism	1,595	*	400
Deny Terrorist Sponsorship, Support and Sanctuary	150	*	0
Governments' Capabilities	1,445	*	400
Combating Weapons of Mass Destruction (WMD)	700	*	535
Counter WMD Proliferation and Combat WMD Terrorism	700	*	535
Stabilization Operations and Security Sector Reform	5,701	*	5,950
Destruction and Security of Conventional Weapons	0	*	200

(\$ in Thousands)	2006 Actual	2007 Estimate	2008 Request
Defense, Military, and Border Restructuring, Reform and Operations	4,660	*	5,000
Law Enforcement Restructuring, Reform and Operations	1,025	*	735
Program Support (Stabilization)	16	*	15
<b>Governing Justly &amp; Democratically</b>	<b>13,489</b>	<b>*</b>	<b>6,850</b>
Rule of Law and Human Rights	4,236	*	2,550
Justice System	4,070	*	2,450
Program Support (Rule of Law)	166	*	100
Good Governance	5,295	*	1,700
Legislative Function and Processes	900	*	0
Local Government and Decentralization	4,151	*	1,510
Program Support (Governance)	244	*	190
Political Competition and Consensus-Building	789	*	1,200
Elections and Political Processes	0	*	541
Political Parties	712	*	541
Program Support (Political Competition)	77	*	118
Civil Society	3,169	*	1,400
Civic Participation	2,722	*	1,317
Media Freedom and Freedom of Information	260	*	0
Program Support (Civil Society)	187	*	83
<b>Investing in People</b>	<b>8,791</b>	<b>*</b>	<b>3,000</b>
Education	8,791	*	3,000
Basic Education	7,045	*	3,000
Higher Education	1,746	*	0
<b>Economic Growth</b>	<b>11,779</b>	<b>*</b>	<b>8,300</b>
Macroeconomic Foundation for Growth	520	*	300
Fiscal policy	442	*	255
Program Support (Macro Econ)	78	*	45
Trade and Investment	0	*	300
Trade and Investment Enabling Environment	0	*	170
Trade and Investment Capacity	0	*	85
Program Support (Trade)	0	*	45
Infrastructure	300	*	0
Modern Energy Services	300	*	0
Agriculture	1,472	*	800
Agricultural Sector Productivity	1,422	*	773
Program Support (Agriculture)	50	*	27
<b>Private Sector Competitiveness</b>	<b>9,487</b>	<b>*</b>	<b>6,900</b>
Business Enabling Environment	2,650	*	2,389
Private Sector Productivity	6,252	*	2,296
Workforce Development	0	*	1,653
Program Support (Private Sector)	585	*	562

### Statement of Changes

Funding for Macedonia under SEED is declining relative to security and military assistance for this ally and GWOT partner. Limited resources for economic growth will continue to support private sector productivity and address high unemployment. Further reform of the justice sector and participation of civil society will continue to be priorities for funding.



**MALTA**  
Sustaining Partnership

**Obstacles and Opportunities for Advancing Transformational Diplomacy**

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

**Resources to Help Advance Transformational Diplomacy**

**Request by Objective**

(\$ in thousands)	2006 Actual	2007 Estimate	2008 Request
Peace & Security	760	*	45
<b>Total</b>	<b>760</b>	<b>*</b>	<b>45</b>

**Request by Account**

(\$ in thousands)	2006 Actual	2007 Estimate	2008 Request
International Military Education & Training	0	*	45
Nonproliferation, Antiterrorism & Demining	760	*	0
<b>Total</b>	<b>760</b>	<b>*</b>	<b>45</b>

**Peace and Security (\$45,000):** U.S. assistance will include providing training to help professionalize Malta's officer and enlisted corps, as well as providing maritime interdiction training. Funding will promote defense reform and modernization of the military, as well as a stronger military-to-military relationship between the U.S. and Malta.

**Request by Element**

(\$ in Thousands)	2006 Actual	2007 Estimate	2008 Request
<b>TOTAL</b>	760	*	45
Peace & Security	760	*	45
Counter-Terrorism	100	*	0
Deny Terrorist Sponsorship, Support and Sanctuary	100	*	0
Combating Weapons of Mass Destruction (WMD)	660	*	0
Counter WMD Proliferation and Combat WMD Terrorism	660	*	0
Stabilization Operations and Security Sector Reform	0	*	45
Defense, Military, and Border Restructuring, Reform and Operations	0	*	45

**Statement of Changes**

As a result of a Presidential waiver of American Servicemembers Protection Act (ASPA) restrictions, Malta can now receive International Military and Education Training (IMET) funding whereas it was ineligible in FY 2006. No Nonproliferation, Antiterrorism, Demining and Related Programs (NADR) have been requested as Malta graduated from the U.S.-funded border security program.

**MOLDOVA**  
Developing

**Obstacles and Opportunities for Advancing Transformational Diplomacy**

For Moldova, the U.S. transformational diplomacy goal is a democratic and prosperous country, secure within its recognized borders and free to become a full partner in the Euro-Atlantic community. Moldova is the poorest country in Europe. Economic dependence on Russia as an export market and energy provider have subjected Moldova to Russian pressure, most notably bans on its wine and agricultural products and suspension of natural gas supplies. The unresolved conflict involving the authoritarian separatist regime in Moldova's Transnistria region remains a major impediment to development and European integration. Russia's failure to withdraw troops and munitions from the area undermines Moldova's sovereignty and national unity, while a lack of effective border controls along the Transnistrian section of the Moldova-Ukraine border creates opportunities for smuggling, human trafficking, and other transnational crime. Other obstacles to progress include corruption; political interference in the media, energy regulation and the judiciary; and limited foreign direct investment. Lack of economic opportunity drives many Moldovans to seek work abroad; Moldova has a major human trafficking problem and an economy dependent on remittances put largely toward consumption. Nonetheless, over the past three years, the Government of Moldova (GOM) has made a strategic turn toward the West, making progress on reforms to set Moldova on a path to European integration, renewed IMF and World Bank funding, and an environment more conducive to investment. A strict new Ukrainian-Moldovan customs regime and an EU Border Assistance Mission are helping choke off illicit trade that supports the Transnistrian separatist regime.

**Resources to Help Advance Transformational Diplomacy**

**Request by Objective**

(\$ in thousands)	2006 Actual	2007 Estimate	2008 Request
Peace & Security	4,566	*	1,675
Governing Justly & Democratically	7,541	*	8,800
Investing in People	0	*	200
Economic Growth	7,170	*	3,000
Humanitarian Assistance	347	*	300
<b>Total</b>	<b>19,624</b>	<b>*</b>	<b>13,975</b>

**Request by Account**

(\$ in thousands)	2006 Actual	2007 Estimate	2008 Request
Foreign Military Financing	495	*	0
Freedom Support Act	17,820	*	13,300
International Military Education & Training	989	*	600
Nonproliferation, Antiterrorism & Demining	320	*	75
<b>Total</b>	<b>19,624</b>	<b>*</b>	<b>13,975</b>
Peace Corps	2403	*	2491

**Peace and Security (\$1.7 million):** Assistance will support restructuring, modernization, and reform of the Moldovan armed forces to promote NATO interoperability and participation in international missions. Moldova has been a strong supporter of GWOT and has sent contingents to support Coalition forces in Iraq. U.S. assistance will also focus on strengthening border

security and combating transnational crime (including human trafficking, money laundering and WMD proliferation); supporting law enforcement reform; strengthening the rule of law; and strengthening GOM counterterrorism capabilities.

**Governing Justly and Democratically (\$8.8 million):** U.S. assistance will support the GOM's democratic reform efforts and build institutional capacity to strengthen democracy and rule of law. Funding focuses on building civil society and media capacity and watchdog capabilities, promoting justice system reform and integration, and combating corruption. Assistance also aims to foster judicial independence, improve security sector governance, and strengthen legislative capacity. Civil society and media assistance will also place an emphasis on exposing Transnistrians to objective information and democratic values and on building links between Transnistrians and the rest of Moldova. Funding to strengthen electoral and political processes will facilitate democratic parliamentary elections in 2009.

**Investing in People (\$0.2 million):** Funding under this objective will focus on providing social services, job training, and access to employment for vulnerable populations, including trafficking victims and those vulnerable to trafficking. Moldova is a primary source and transit country for trafficking in persons.

**Economic Growth (\$3.0 million):** U.S. assistance will promote economic reform, diversification of export markets and energy sources, and integration with Southeastern Europe. Funding will focus on building enabling environments, increasing the competitiveness of agricultural exports, reducing the shadow economy, and supporting reforms necessary to promote growth, permit European and regional integration, encourage foreign investment, and permit continued access to international financial institution resources. Assistance will promote agricultural and regulatory reform, help develop financial and banking instruments in the agricultural sector, and assist Moldova in exploiting international export opportunities. Limited technical assistance in the energy sector will promote energy security, diversification, transparency, stability and efficiency as well as European integration. Assistance will also support increasing economic opportunity, reducing unemployment, and exchange programs to build human capital.

**Humanitarian Assistance (\$0.3 million):** Assistance will support transportation of donated pharmaceuticals and medical equipment particularly to vulnerable populations.

#### Request by Element

(\$ in Thousands)	2006 Actual	2007 Estimate	2008 Request
<b>TOTAL</b>	19,624	*	13,975
Peace & Security	4,566	*	1,675
Counter-Terrorism	0	*	75
Governments' Capabilities	0	*	75
Combating Weapons of Mass Destruction (WMD)	1,063	*	200
Counter WMD Proliferation and Combat WMD Terrorism	852	*	143
Program Support (WMD)	211	*	57
Stabilization Operations and Security Sector Reform	2,253	*	900
Defense, Military, and Border Restructuring, Reform and Operations	1,484	*	600
Law Enforcement Restructuring, Reform and Operations	757	*	294
Program Support (Stabilization)	12	*	6
Transnational Crime	1,250	*	500
Financial Crimes and Money Laundering	98	*	191

(\$ in Thousands)	2006 Actual	2007 Estimate	2008 Request
Trafficking-in-Persons and Migrant Smuggling	1,096	*	287
Program Support (Crime)	56	*	22
<b>Governing Justly &amp; Democratically</b>	<b>7,541</b>	<b>*</b>	<b>8,800</b>
Rule of Law and Human Rights	945	*	1,500
Judicial Independence	0	*	276
Justice System	869	*	1,103
Program Support (Rule of Law)	76	*	121
<b>Good Governance</b>	<b>2,982</b>	<b>*</b>	<b>1,400</b>
Legislative Function and Processes	0	*	187
Local Government and Decentralization	2,248	*	0
Anti-Corruption Reforms	542	*	936
Governance of the Security Sector	0	*	187
Program Support (Governance)	192	*	90
<b>Political Competition and Consensus-Building</b>	<b>1,234</b>	<b>*</b>	<b>1,800</b>
Elections and Political Processes	0	*	446
Political Parties	1,100	*	1,159
Program Support (Political Competition)	134	*	195
<b>Civil Society</b>	<b>2,380</b>	<b>*</b>	<b>4,100</b>
Civic Participation	2,157	*	2,438
Media Freedom and Freedom of Information	75	*	1,407
Program Support (Civil Society)	148	*	255
<b>Investing in People</b>	<b>0</b>	<b>*</b>	<b>200</b>
Education	0	*	100
Higher Education	0	*	100
Social and Economic Services and Protection for Vulnerable Populations	0	*	100
Social Services	0	*	100
<b>Economic Growth</b>	<b>7,170</b>	<b>*</b>	<b>3,000</b>
Trade and Investment	396	*	200
Trade and Investment Enabling Environment	127	*	164
Trade and Investment Capacity	198	*	0
Program Support (Trade)	71	*	36
<b>Financial Sector</b>	<b>1,627</b>	<b>*</b>	<b>0</b>
Financial Services	1,627	*	0
<b>Infrastructure</b>	<b>0</b>	<b>*</b>	<b>400</b>
Modern Energy Services	0	*	400
<b>Agriculture</b>	<b>4,310</b>	<b>*</b>	<b>1,100</b>
Agricultural Enabling Environment	4,300	*	798
Agricultural Sector Productivity	0	*	299
Program Support (Agriculture)	10	*	3
<b>Private Sector Competitiveness</b>	<b>837</b>	<b>*</b>	<b>1,100</b>
Business Enabling Environment	0	*	952
Program Support (Private Sector)	837	*	148
<b>Economic Opportunity</b>	<b>0</b>	<b>*</b>	<b>200</b>
Inclusive Financial Markets	0	*	94
Strengthen Microenterprise Productivity	0	*	94
Program Support (Econ Opportunity)	0	*	12
<b>Humanitarian Assistance</b>	<b>347</b>	<b>*</b>	<b>300</b>
Protection, Assistance and Solutions	347	*	300
Protection and Solutions	0	*	300
Crisis Assistance and Recovery	347	*	0

### **Linkages with the Millennium Challenge Corporation (MCC)**

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

### **Statement of Changes**

Overall funding for Moldova has decreased by 29 percent from FY 2006 to the proposed FY 2008 level. Nonetheless, an increased focus on democratization is reflected in an absolute funding increase for Governing Justly and Democratically, while funding for Peace and Security and for Economic Growth has decreased as a result. Within the Governing Justly and Democratically objective, there is a shift in focus from local governance and legislative function to justice sector reform, combating corruption, civil society capacity-building, and political processes. While the Economic Growth budget has decreased, funding is focused on helping expand Moldova's private sector competitiveness and market alternatives. The decrease in funding for the Peace and Security objective reflects in part a decrease in the funding necessary to redirect WMD expertise to civilian research and a focus away from foreign military financing. While funding for combating trafficking in persons has decreased under Peace and Security, FY 2008 funding for workforce development and social assistance for vulnerable populations will mitigate against trafficking. The FY 2008 budget also does not capture the intention to use FY 2007 funding to provide technical assistance to the Moldovan anti-trafficking center established under the President's initiative to combat trafficking in persons.

## MONTENEGRO

Developing

### Obstacles and Opportunities for Advancing Transformational Diplomacy

On June 13, 2006, the United States formally recognized Montenegro as the world's newest independent and sovereign nation. With that status, Montenegro now faces new responsibilities toward its own people, its regional neighbors, and as a member of the community of nations. The United States must assist Montenegro in advancing its role as a force for regional stability in the Balkans and promoting its integration into the Euro-Atlantic community. Critical state functions that assist Montenegro in becoming a responsible regional and global actor must be fortified. A factor affecting the stability of this tiny nation (pop. 600,000) is its impoverished, and majority ethnic-Serb northern territory. Job creation and economic revival, particularly in north, will be a key to maintaining stability and deterring ethnic discord. To move forward as a democracy, Montenegro must drastically reduce the twin threats of organized crime and corruption, and further develop its civil society.

### Resources to Help Advance Transformational Diplomacy

#### Request by Objective

(\$ in thousands)	2006 Actual	2007 Estimate	2008 Request
Peace & Security	449	*	1,100
Governing Justly & Democratically	4,564	*	1,572
Economic Growth	9,987	*	5,600
<b>Total</b>	<b>15,000</b>	<b>*</b>	<b>8,272</b>

#### Request by Account

(\$ in thousands)	2006 Actual	2007 Estimate	2008 Request
International Military Education & Training	0	*	100
Nonproliferation, Antiterrorism & Demining	0	*	600
Assistance for Eastern Europe and Baltic States	15,000	*	7,572
<b>Total</b>	<b>15,000</b>	<b>*</b>	<b>8,272</b>

**Peace and Security (\$1.1 million):** As a new nation, Montenegro's path toward becoming a responsible regional and global actor will depend upon its own capabilities to secure its borders and increase the effectiveness of law enforcement and the military. Funds will be used to support professional military education and exchanges, as well as English language training in civil-security force relations. Assistance in countering illicit trafficking in WMD and conventional weapons will help to secure border crossings and seaports. The United States will further assist Montenegro to fight organized crime and corruption by combating trafficking in persons and migrant smuggling and by strengthening law enforcement reform, restructuring, and operations through police training on investigating and prosecuting crimes.

**Governing Justly and Democratically (\$1.6 million):** To further the aims of the new Montenegrin nation to develop as a vibrant democracy, U.S. assistance will focus on strengthening the rule of law through reform of the justice system, addressing corruption, and strengthening civil society's role.

**Economic Growth (\$5.6 million):** Long-term stability in Montenegro is impossible without sustained economic development and job creation. Most legislation supporting private sector growth is in place or will be by 2008, but there remains a critical need for economic stimulus in the north, where poverty is twice as high as in the central and southern regions of the country. To ensure stability in the economy overall, Montenegro must implement reforms consonant with IMF advice to control inflation and enforce fiscal discipline. In addition to providing technical assistance, economic growth programs will support the private sector, including the agricultural sector.

### Request by Element

(\$ in Thousands)	2006 Actual	2007 Estimate	2008 Request
<b>TOTAL</b>	15,000	*	8,272
Peace & Security	449	*	1,100
Combating Weapons of Mass Destruction (WMD)	74	*	300
Counter WMD Proliferation and Combat WMD Terrorism	15	*	300
Program Support (WMD)	59	*	0
Stabilization Operations and Security Sector Reform	350	*	800
Destruction and Security of Conventional Weapons	0	*	300
Defense, Military, and Border Restructuring, Reform and Operations	0	*	100
Law Enforcement Restructuring, Reform and Operations	347	*	392
Program Support (Stabilization)	3	*	8
Transnational Crime	25	*	0
Financial Crimes and Money Laundering	21	*	0
Program Support (Crime)	4	*	0
Governing Justly & Democratically	4,564	*	1,572
Rule of Law and Human Rights	1,716	*	400
Judicial Independence	434	*	0
Justice System	1,126	*	392
Program Support (Rule of Law)	156	*	8
Good Governance	719	*	500
Legislative Function and Processes	440	*	0
Anti-Corruption Reforms	0	*	360
Program Support (Governance)	279	*	140
Political Competition and Consensus-Building	140	*	300
Elections and Political Processes	120	*	0
Political Parties	0	*	257
Program Support (Political Competition)	20	*	43
Civil Society	1,989	*	372
Civic Participation	1,406	*	332
Media Freedom and Freedom of Information	233	*	0
Program Support (Civil Society)	350	*	40
Economic Growth	9,987	*	5,600
Macroeconomic Foundation for Growth	1,199	*	900
Fiscal policy	853	*	813
Program Support (Macro Econ)	346	*	87
Trade and Investment	142	*	0
Trade and Investment Enabling Environment	100	*	0
Program Support (Trade)	42	*	0
Infrastructure	58	*	0

(\$ in Thousands)	2006 Actual	2007 Estimate	2008 Request
Modern Energy Services	50	*	0
Program Support (Infrastructure)	8	*	0
<b>Agriculture</b>	<b>490</b>	<b>*</b>	<b>300</b>
Agricultural Enabling Environment	0	*	207
Agricultural Sector Productivity	338	*	0
Program Support (Agriculture)	152	*	93
<b>Private Sector Competitiveness</b>	<b>8,098</b>	<b>*</b>	<b>3,600</b>
Business Enabling Environment	996	*	436
Private Sector Productivity	5,680	*	2,179
Program Support (Private Sector)	1,422	*	985
<b>Economic Opportunity</b>	<b>0</b>	<b>*</b>	<b>800</b>
Inclusive Economic Law and Property Rights	0	*	720
Program Support (Econ Opportunity)	0	*	80

### Statement of Changes

Montenegro's successful referendum on independence has paved the way for the introduction of U.S. military assistance for the first time. U.S. funding for democratic reform will decline relative to security and law enforcement assistance to help Europe's newest nation build capacity to secure its people and its borders. With limited resources, economic growth programs, particularly in the less promising, non-tourism areas will be a priority for SEED funding.



**POLAND**  
Sustaining Partnership

**Obstacles and Opportunities for Advancing Transformational Diplomacy**

Poland is a key ally in Central Europe and one of the United States' strongest partners on the continent. Poland was one of only three coalition countries to join the United States with troops on the ground at the beginning of Operation Iraqi Freedom, and Polish troops play a strong leadership role in command of the Coalition Forces' Multinational Division-Center South in Iraq. Poland plays an active role in EU, NATO and UN peacekeeping missions around the world, with military, civilian and police personnel deployed in such places as Kosovo, Bosnia and Herzegovina, Macedonia, Montenegro, the Sinai, the Golan Heights, Sudan and the Democratic Republic of Congo. Poland's costly deployments abroad and its military transformation at home put real pressures on a lower-middle income country also working to overhaul its health care sector and upgrade poor infrastructure. Also, despite widespread public admiration for the United States and elite support for political-military cooperation, public support for critical areas of cooperation like Iraq and missile defense remains soft. U.S. assistance provides the opportunity to maintain political support for a range of U.S. security objectives and increase Poland's capability to deploy and sustain professional forces in close support of U.S. deployments in the Global War on Terror.

**Resources to Help Advance Transformational Diplomacy**

**Request by Objective**

(\$ in thousands)	2006 Actual	2007 Estimate	2008 Request
Peace & Security	31,840	*	29,200
<b>Total</b>	<b>31,840</b>	*	<b>29,200</b>

**Request by Account**

(\$ in thousands)	2006 Actual	2007 Estimate	2008 Request
Foreign Military Financing	29,700	*	27,200
International Military Education & Training	2,140	*	2,000
<b>Total</b>	<b>31,840</b>	*	<b>29,200</b>

**Peace and Security (\$29.2 million):** Foreign assistance to Poland contributes to regional stability, the maintenance of strong political support for coalition operations, and a willingness to provide personnel, equipment, and other resources for these operations. U.S. security assistance is aimed at maximizing the strength of Polish deployments in support of U.S. security operations. U.S. assistance does this by financing assets that directly support Polish deployments, supporting Poland's defense transformation into a more effective NATO-integrated force. Security assistance will provide Poland with the equipment and training to continue its coalition contributions and its military modernization/reform. U.S. assistance will also support Poland's efforts to increase its deployable capabilities.

### Request by Element

(\$ in Thousands)	2006 Actual	2007 Estimate	2008 Request
TOTAL	31,840	*	29,200
Peace & Security	31,840	*	29,200
Stabilization Operations and Security Sector Reform	31,840	*	29,200
Defense, Military, and Border Restructuring, Reform and Operations	31,840	*	29,200

### Statement of Changes

Funding for Poland has decreased from FY 2006 levels in the Foreign Military Financing (FMF) and International Military Education and Training (IMET) accounts. This marginal decrease reflects the increasing capability and NATO interoperability of the Polish Armed Forces. The substantial IMET and FMF allocations to Poland are in recognition of the Poland's leading role in coalition operations.

**PORTUGAL**  
Sustaining Partnership

**Obstacles and Opportunities for Advancing Transformational Diplomacy**

Portugal suffers from poor economic performance and faces budgetary challenges in meeting its NATO transformation goals, despite being a member of the EU since 1986. Portugal is currently trying to reduce its budget deficit from approximately 6 percent to less than 3 percent of GDP in accordance with EU requirements. In spite of Portugal making NATO a priority, it will continue to face budgetary challenges to ensure that its military forces are interoperable with those of other NATO members.

**Resources to Help Advance Transformational Diplomacy**

**Request by Objective**

(\$ in thousands)	2006 Actual	2007 Estimate	2008 Request
Peace & Security	593	*	690
<b>Total</b>	<b>593</b>	<b>*</b>	<b>690</b>

**Request by Account**

(\$ in thousands)	2006 Actual	2007 Estimate	2008 Request
International Military Education & Training	593	*	690
<b>Total</b>	<b>593</b>	<b>*</b>	<b>690</b>

**Peace and Security (\$0.7 million):** Funding is focused on International Military Educational Training (IMET) to strengthen Portugal's ability to play an active role in collective defense organization and international peacekeeping efforts. Portugal's continued participation in both NATO and other international peacekeeping operations directly benefits U.S. security goals. IMET continues to be an essential component of Portugal's military force modernization program, its internal reorganization of service and joint headquarters staffing, as well as the overall professional military education of Portugal's armed forces.

**Request by Element**

(\$ in Thousands)	2006 Actual	2007 Estimate	2008 Request
<b>TOTAL</b>	593	*	690
Peace & Security	593	*	690
Stabilization Operations and Security Sector Reform	593	*	690
Defense, Military, and Border Restructuring, Reform and Operations	593	*	690

**Statement of Changes**

International Military Education and Training (IMET) funding for Portugal has increased somewhat from FY 2006 to FY 2008. The IMET allocation to Portugal recognizes its continuing role in coalition operations.

**ROMANIA**  
Developing

**Obstacles and Opportunities for Advancing Transformational Diplomacy**

Romania has remained steadfast as a partner in GWOT, NATO, and coalition operations. Romania has developed its capabilities for NATO and multinational operations and has repeatedly demonstrated a willingness to volunteer its forces and assets when called upon. The new U.S.-Romanian agreement authorizing an expanded U.S. military presence in Romania - particularly along the Black Sea coast - will pave the way for combined training and rapid deployment to unstable regions to the east. Romania's efforts to promote greater cooperation among its Black Sea neighbors in the areas of defense, law enforcement, energy, economic development and democratization complement the U.S. goal of enhancing stability in this sensitive and increasingly important region. Romania entered the EU in January 2007. However, additional U.S. assistance will be required to support Romania in completing its military modernization, improving its interoperability with U.S. and NATO forces, and increasing its deployment capabilities for NATO's collective defense and out-of-theater operations.

**Resources to Help Advance Transformational Diplomacy**

**Request by Objective**

(\$ in thousands)	2006 Actual	2007 Estimate	2008 Request
Peace & Security	16,105	*	20,200
Governing Justly & Democratically	6,103	*	0
Investing in People	4,475	*	0
Economic Growth	7,472	*	0
Humanitarian Assistance	200	*	0
<b>Total</b>	<b>34,355</b>	<b>*</b>	<b>20,200</b>

**Request by Account**

(\$ in thousands)	2006 Actual	2007 Estimate	2008 Request
Foreign Military Financing	12,870	*	18,400
International Military Education & Training	1,485	*	1,800
Assistance for Eastern Europe and Baltic States	20,000	*	0
<b>Total</b>	<b>34,355</b>	<b>*</b>	<b>20,200</b>
Peace Corps	3001	*	3232

**Peace and Security: (\$20.2 million):** The United States will facilitate Romania's continued integration into NATO, expand its capabilities, and support continued contributions to NATO and coalition operations, including in Iraq and Afghanistan. Assistance in defense, military, and security sector restructuring will be used to provide the Romanian military with needed defense articles, service and training. U.S. assistance will contribute to Romania's base modernization, key communications and information technology, and training of their military personnel.

## Request by Element

(\$ in Thousands)	2006 Actual	2007 Estimate	2008 Request
<b>TOTAL</b>	34,355	*	20,200
Peace & Security	16,105	*	20,200
Stabilization Operations and Security Sector Reform	16,105	*	20,200
Defense, Military, and Border Restructuring, Reform and Operations	14,355	*	20,200
Law Enforcement Restructuring, Reform and Operations	1,724	*	0
Program Support (Stabilization)	26	*	0
Governing Justly & Democratically	6,103	*	0
Rule of Law and Human Rights	150	*	0
Program Support (Rule of Law)	150	*	0
Good Governance	950	*	0
Local Government and Decentralization	900	*	0
Program Support (Governance)	50	*	0
Political Competition and Consensus-Building	900	*	0
Political Parties	700	*	0
Program Support (Political Competition)	200	*	0
Civil Society	4,103	*	0
Civic Participation	3,853	*	0
Media Freedom and Freedom of Information	50	*	0
Program Support (Civil Society)	200	*	0
Investing in People	4,475	*	0
Health	3,240	*	0
HIV/AIDS	300	*	0
Other Public Health Threats	1,190	*	0
Maternal and Child Health	125	*	0
Family Planning and Reproductive Health	800	*	0
Water Supply and Sanitation	825	*	0
Social and Economic Services and Protection for Vulnerable Populations	1,235	*	0
Social Services	1,235	*	0
Economic Growth	7,472	*	0
Macroeconomic Foundation for Growth	475	*	0
Fiscal policy	404	*	0
Program Support (Macro Econ)	71	*	0
Trade and Investment	425	*	0
Trade and Investment Enabling Environment	425	*	0
Infrastructure	425	*	0
Modern Energy Services	300	*	0
Program Support (Infrastructure)	125	*	0
Agriculture	3,200	*	0
Agricultural Sector Productivity	2,650	*	0
Program Support (Agriculture)	550	*	0
Private Sector Competitiveness	2,947	*	0
Private Sector Productivity	1,700	*	0
Program Support (Private Sector)	1,247	*	0
Humanitarian Assistance	200	*	0
Protection, Assistance and Solutions	200	*	0
Crisis Assistance and Recovery	200	*	0

### **Statement of Changes**

Romania graduated from SEED transition assistance in FY 2006, reflecting Romania's progress in economic and democratic reforms. International Military Education and Training (IMET) and Foreign Military Financing (FMF) funding for Romania has increased from FY 2006 to FY 2008. This increase is designed to assist Romania in meeting its new NATO membership requirements and to enable Romania to continue its important contributions to coalition operations.

**RUSSIA**  
Sustaining Partnership

**Obstacles and Opportunities for Advancing Transformational Diplomacy**

Russia has the capacity to act as a strong and effective partner in areas of common interest, such as non-proliferation, counter-terrorism, energy, and health. Despite Russia's growing wealth, however, it is still in many ways a Developing category country with uneven distribution of wealth, large-scale corruption, democratic backsliding, excessive government interference in the economy, and growing demographic and health crises. While Russia is no longer the totalitarian adversary of the Cold War, since President Putin's reelection in March 2004, the Government of Russia (GOR) has systematically consolidated power over national mass media, strategic economic sectors, the judiciary, and regional and local governments. These developments, as well as increased pressure on non-governmental organizations (NGOs), represent major obstacles to achieving a fully free-market, democratic system built on checks and balances. In the social sector, despite seemingly well-intentioned policies and pledges to address issues such as deteriorating health care and HIV/AIDS, health trends are ominous and many federal social service programs are hindered greatly by corruption and other challenges to implementation. In the North Caucasus, the GOR's unwillingness to meet humanitarian needs of internally displaced persons (IDPs) exacerbates regional instability and creates an environment ripe for extremism. Russian weapon sales to such states as Iran, Syria, and Venezuela are cause for great concern throughout the international community. In relations with its neighbors, Russia has often taken a confrontational approach, using energy and energy pricing as a political lever, encouraging separatists in the "frozen conflicts," imposing trade sanctions and defending undemocratic regimes. The United States has a vital interest in helping Russia become an open, democratic, and stable geopolitical partner by encouraging a wide range of economic, social, and political ties. To this end, the United States will engage with Russia where it can be done productively, while continuing to stand firm - with the support of European and other allies - for democracy and human rights.

**Resources to Help Advance Transformational Diplomacy**

**Request by Objective**

(\$ in thousands)	2006 Actual	2007 Estimate	2008 Request
Peace & Security	8,186	*	7,600
Governing Justly & Democratically	43,430	*	26,200
Investing in People	24,180	*	17,300
Economic Growth	8,535	*	0
Humanitarian Assistance	0	*	1,100
<b>Total</b>	<b>84,331</b>	<b>*</b>	<b>52,200</b>

**Request by Account**

(\$ in thousands)	2006 Actual	2007 Estimate	2008 Request
Child Survival and Health	2,970	*	0
Freedom Support Act	80,200	*	50,000
International Military Education & Training	461	*	700
Nonproliferation, Antiterrorism & Demining	700	*	1,500
<b>Total</b>	<b>84,331</b>	<b>*</b>	<b>52,200</b>

**Peace and Security (\$7.6 million):** The United States can best support Russia in establishing peace and security by working to consolidate, secure, and/or destroy and dismantle Russia's weapons of mass destruction. The Department of Defense (DOD) Nunn-Lugar Cooperative Threat Reduction programs are assisting Russia to destroy its strategic missiles and delivery systems, while securing facilities and materials. Department of Energy (DOE) activities assist in securing and disposing of nuclear and radiological material. Given the scale of DOD and DOE programs, programming under this heading is focused on complementary efforts such as strengthening Russia's export control system to prevent proliferation of weapons of mass destruction and helping former bio-weapons scientists find peaceful, civilian, and commercial uses for their skills.

In order to strengthen Russia's capacity to play a constructive role in support of international security, U.S. assistance and training will increase the Russian military's inter-operability with U.S. and NATO forces, including improving aspects of civil/military interaction. Other programs will support joint efforts with Russia to combat organized and transnational crime, such as drug smuggling and trafficking in persons, as well as cyber-crime and terrorist financing. Many of these programs are also geared towards law enforcement and criminal justice sector reform, modernization, and restructuring. U.S. programs in the North Caucasus will focus on conflict mitigation and response in the reconciliation process, so as to help stem the spread of violence and instability. In addition, U.S. assistance will foster recovery and re-integration in the region through programs that promote economic opportunities and youth employment, health, sanitation and community development, and stem the spread of extremist ideologies.

**Governing Justly and Democratically (\$26.2 million):** Given Russia's backsliding on democratic reform, this area continues to be a U.S. policy priority. U.S. assistance will work to strengthen Russian political, civil, and justice sector institutions to reinforce democratic principles; protect human rights and the rule of law; assist local governments to open channels of public participation and be more responsive to citizens' demands; and promote the development of a vibrant civil society that encourages tolerance and facilitates the free exchange of ideas. With Duma elections scheduled for December 2007 and presidential elections for March 2008, U.S. assistance will continue to promote a democratic electoral process with active public participation and observation to ensure transparency. Other democratization assistance will promote and support advocacy organizations, human rights groups, and independent think tanks as well as improve access to information and the quality and sustainability of (mostly regional) independent media.

**Investing in People (\$17.3 million):** As a result of demographic forces, Russia's population is expected to fall 30 percent by 2050, threatening workforce viability. This issue, combined with serious health challenges, already affect Russia's ability to act as a strong and effective partner. Russia has one of the fastest growing HIV/AIDS epidemics in the world with the number of HIV-infected persons exceeding 370,000 and growing at 3 to 5 percent per year; an estimated 20 percent of the population and an increasing number of HIV-infected Russians are infected with tuberculosis (TB); treatment of HIV/AIDS is complicated by Russia's high rates of TB infection and intravenous drug use. As a result, U.S. programs will support HIV/AIDS awareness efforts, prevention, research, access to treatment, and technical guidance for the Global Fund AIDS programs (GFATM). U.S.-funded programs are creating the models to help Russia measure and deal with its evolving and growing epidemic. These models increase the ability of Russia's local and national governments to respond to the epidemic in an organized and sustainable way. In addition, in support of the Bratislava Initiative, which promotes U.S.-Russian cooperation to combat HIV/AIDS, the United States will provide significant assistance to improve public health standards and health education in Russia. U.S. assistance will also target the reproductive health



of mothers and children, further focusing the GOR on its demographic challenges, and will emphasize work on models and approaches to improve child welfare.

Linkages with the President's Plan for AIDS Relief (PEPFAR): Russia will receive significant support for bilateral HIV/AIDS programs in FY 2008, with programmatic emphasis on a range of interventions related to care, treatment, and prevention.

**Humanitarian Assistance (\$1.1 million):** The GOR's unwillingness or inability to meet the humanitarian needs of over 230,000 IDPs in the North Caucasus exacerbates regional instability and creates an environment ripe for extremism. In order to provide humanitarian relief, stem instability, undermine recruitment by extremist forces, and illustrate U.S. commitment to the people of Russia, the United States will continue to support shelter repair, improved water systems, and nascent economic development in the region.

### Request by Element

(\$ in Thousands)	2006 Actual	2007 Estimate	2008 Request
<b>TOTAL</b>	84,331	*	52,200
Peace & Security	8,186	*	7,600
Combating Weapons of Mass Destruction (WMD)	3,450	*	3,200
Counter WMD Proliferation and Combat WMD Terrorism	3,386	*	3,160
Program Support (WMD)	64	*	40
Stabilization Operations and Security Sector Reform	812	*	1,200
Defense, Military, and Border Restructuring, Reform and Operations	461	*	700
Law Enforcement Restructuring, Reform and Operations	344	*	490
Program Support (Stabilization)	7	*	10
Counter-Narcotics	0	*	200
Interdiction	0	*	196
Program Support (Narcotics)	0	*	4
Transnational Crime	2,304	*	950
Financial Crimes and Money Laundering	0	*	196
Intellectual Property Theft, Corporate Espionage, and Cyber Security	0	*	147
Trafficking-in-Persons and Migrant Smuggling	1,156	*	588
Organized and Gang-related Crime	1,125	*	0
Program Support (Crime)	23	*	19
Conflict Mitigation and Reconciliation	1,620	*	2,050
Conflict Mitigation	1,525	*	1,224
Peace and Reconciliation Processes	0	*	706
Program Support (Conflict)	95	*	120
Governing Justly & Democratically	43,430	*	26,200
Rule of Law and Human Rights	5,691	*	5,100
Judicial Independence	1,200	*	2,313
Justice System	2,567	*	1,572
Human Rights	1,497	*	832
Program Support (Rule of Law)	427	*	383
Good Governance	3,880	*	3,400
Local Government and Decentralization	2,985	*	2,351
Anti-Corruption Reforms	394	*	610
Program Support (Governance)	501	*	439
Political Competition and Consensus-Building	5,195	*	3,900
Consensus-Building Processes	0	*	489

(\$ in Thousands)	2006 Actual	2007 Estimate	2008 Request
Elections and Political Processes	1,184	*	979
Political Parties	3,900	*	2,349
Program Support (Political Competition)	111	*	83
Civil Society	28,664	*	13,800
Civic Participation	21,710	*	9,583
Media Freedom and Freedom of Information	4,958	*	3,256
Program Support (Civil Society)	1,996	*	961
Investing in People	24,180	*	17,300
Health	19,165	*	17,300
HIV/AIDS	10,970	*	11,000
Tuberculosis	3,829	*	3,500
Other Public Health Threats	1,066	*	1,300
Family Planning and Reproductive Health	3,300	*	1,500
Education	240	*	0
Higher Education	240	*	0
Social and Economic Services and Protection for Vulnerable Populations	4,775	*	0
Social Services	4,775	*	0
Economic Growth	8,535	*	0
Trade and Investment	1,663	*	0
Trade and Investment Enabling Environment	1,474	*	0
Program Support (Trade)	189	*	0
Agriculture	100	*	0
Agricultural Sector Productivity	94	*	0
Program Support (Agriculture)	6	*	0
Private Sector Competitiveness	820	*	0
Private Sector Productivity	750	*	0
Program Support (Private Sector)	70	*	0
Economic Opportunity	5,952	*	0
Inclusive Financial Markets	5,176	*	0
Program Support (Econ Opportunity)	776	*	0
Humanitarian Assistance	0	*	1,100
Protection, Assistance and Solutions	0	*	1,100
Protection and Solutions	0	*	600
Crisis Assistance and Recovery	0	*	500

### Statement of Changes

Overall funding for Russia has decreased from FY 2006 levels by 40 percent. By the end of FY 2007, all Economic Growth assistance for Russia will have been phased out, as agreed by the State/USAID Joint Policy Council Executive Committee. Humanitarian Assistance funding will be introduced in FY 2008 to provide basic housing and sanitation needs in the North Caucasus, reflecting an improvement in the security situation in the region which enhances the ability of U.S. assistance to reach IDPs in more isolated locations. Among program elements, there has been an increase in conflict mitigation and reconciliation, political competition and consensus building, and humanitarian assistance and decreases in some health programs, social and economic programs for vulnerable populations, and economic growth. These funding shifts are aimed at building up the capabilities of Russian political parties and NGOs in the run-up to Russia's presidential election as well as working with IDPs in the North Caucasus. As Russians enhance their capabilities through participation in technical training and pilot programs in the health field, it is expected that resources in this area will continue to decline.

**SERBIA**  
Developing

**Obstacles and Opportunities for Advancing Transformational Diplomacy**

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

**Resources to Help Advance Transformational Diplomacy**

**Request by Objective**

(\$ in thousands)	2006 Actual	2007 Estimate	2008 Request
Peace & Security	3,002	*	2,950
Governing Justly & Democratically	23,100	*	16,200
Investing in People	0	*	1,500
Economic Growth	44,908	*	32,600
<b>Total</b>	<b>71,010</b>	*	<b>53,250</b>

**Request by Account**

(\$ in thousands)	2006 Actual	2007 Estimate	2008 Request
International Military Education & Training	0	*	300
Nonproliferation, Antiterrorism & Demining	1,560	*	1,650
Assistance for Eastern Europe and Baltic States	69,450	*	51,300
<b>Total</b>	<b>71,010</b>	*	<b>53,250</b>

**Peace and Security (\$3.0 million):** In the Balkans, Serbia is regarded as the most significant proliferator of weapons and radioactive materials. Improving border security will be achieved, with U.S. assistance, through better law enforcement, reform, restructuring and operations. The security sector will be strengthened significantly by countering illicit trafficking in conventional weapons, and instituting safeguards to control WMD and counter WMD proliferation. Additionally, U.S. assistance will improve civil-security force relations by supporting professional military education and exchanges, as well as English language training.

**Governing Justly and Democratically (\$16.2 million):** Many of the challenges facing Serbia stem from the immaturity of its democratic institutions. To build a sustainable democracy, it

must take credible steps forward to reign in corruption, strengthen the rule of law, improve the electoral process, support independent media, and embrace civil society. U.S. assistance will strengthen democratic political parties; the legislative branch; local government and decentralization; consensus building; political, civil society, and media freedom; and freedom of information. U.S. assistance will also aim to promote an effective and independent judiciary. Consolidation of the rule of law will undergird U.S. efforts to strengthen governing institutions, invigorate the private sector and generally stabilize the country.

**Investing in People (\$1.5 million):** The Balkan wars of the 1990s contributed to the displacement of over 200,000 ethnic Serbs from the territory of Kosovo. Support for critical social services directed at this vulnerable population will help to abate disillusionment and contain the potential for conflict among this group. A robust youth exchange program will continue to provide Serbians of all ethnicities access to U.S. society and the outside world from which they have been excluded.

**Economic Growth (\$32.6 million):** Serbia has made notable progress in economic and democratic reforms, but in order to aspire to EU membership, it must advance competition policy, reduce external debt, decrease its large trade deficit, and divest dormant state owned enterprises through privatization. The remnants of non-performing state-owned enterprises distort regional economies, while the ensuing unemployment and rising poverty fuel discontent and ethnic tension. U.S. assistance will improve the climate for investment and growth by further reforming the financial and business sector environments. These programs will work in tandem with measures to elevate private sector productivity and agriculture sector productivity. Under initiatives to create more inclusive financial markets and to strengthen microenterprise productivity, U.S. assistance will increase economic opportunities in vulnerable areas using a rapid response and flexible contingency planning program that addresses core issues of local-level job creation and social inclusion, thereby reducing the risk of instability and conflict in vulnerable regions with concentrations of disadvantaged populations. Finally, improving debt management, fiscal transparency and accountability through fiscal policy reforms and building trade and investment capacity are essential elements for EU accession.

#### Request by Element

(\$ in Thousands)	2006 Actual	2007 Estimate	2008 Request
<b>TOTAL</b>	71,010	*	53,250
Peace & Security	3,002	*	2,950
Combating Weapons of Mass Destruction (WMD)	1,560	*	900
Counter WMD Proliferation and Combat WMD Terrorism	1,560	*	900
Stabilization Operations and Security Sector Reform	1,242	*	2,050
Destruction and Security of Conventional Weapons	0	*	750
Defense, Military, and Border Restructuring, Reform and Operations	0	*	300
Law Enforcement Restructuring, Reform and Operations	1,194	*	980
Program Support (Stabilization)	48	*	20
Transnational Crime	200	*	0
Financial Crimes and Money Laundering	170	*	0
Program Support (Crime)	30	*	0
Governing Justly & Democratically	23,100	*	16,200
Rule of Law and Human Rights	5,260	*	4,400
Constitutions, Laws, and Legal Systems	0	*	390

(\$ in Thousands)	2006 Actual	2007 Estimate	2008 Request
Judicial Independence	0	*	2,341
Justice System	5,009	*	1,170
Human Rights	0	*	390
Program Support (Rule of Law)	251	*	109
Good Governance	637	*	4,300
Legislative Function and Processes	0	*	2,119
Public Sector Executive Function	0	*	645
Local Government and Decentralization	0	*	1,198
Anti-Corruption Reforms	587	*	0
Program Support (Governance)	50	*	338
Political Competition and Consensus-Building	2,969	*	2,000
Consensus-Building Processes	0	*	903
Political Parties	2,800	*	903
Program Support (Political Competition)	169	*	194
Civil Society	14,234	*	5,500
Civic Participation	13,747	*	3,550
Media Freedom and Freedom of Information	290	*	1,874
Program Support (Civil Society)	197	*	76
Investing in People	0	*	1,500
Education	0	*	1,000
Basic Education	0	*	1,000
Social and Economic Services and Protection for Vulnerable Populations	0	*	500
Social Services	0	*	500
Economic Growth	44,908	*	32,600
Macroeconomic Foundation for Growth	2,112	*	3,800
Fiscal policy	1,882	*	3,135
Program Support (Macro Econ)	230	*	665
Trade and Investment	308	*	700
Trade and Investment Enabling Environment	300	*	681
Program Support (Trade)	8	*	19
Financial Sector	1,626	*	3,800
Financial Sector Enabling Environment	1,548	*	3,366
Program Support (Financial Sector)	78	*	434
Infrastructure	0	*	500
Modern Energy Services	0	*	500
Agriculture	2,445	*	7,800
Agricultural Enabling Environment	1,542	*	1,580
Agricultural Sector Productivity	0	*	5,269
Program Support (Agriculture)	903	*	951
Private Sector Competitiveness	32,483	*	11,000
Business Enabling Environment	4,825	*	1,893
Private Sector Productivity	26,315	*	8,519
Program Support (Private Sector)	1,343	*	588
Economic Opportunity	5,934	*	5,000
Inclusive Financial Markets	0	*	951
Policy Environment for Micro and Small Enterprises	0	*	3,803
Strengthen Microenterprise Productivity	5,690	*	0
Program Support (Econ Opportunity)	244	*	246

### **Statement of Changes**

While funding under SEED to support economic growth, good governance and further democratic reform is declining overall, Serbia will remain a priority for U.S. assistance in the region. Economic Growth continues to be a priority for SEED assistance in Serbia in FY 2008. Funding for law enforcement reform and to address corruption will remain relatively steady, and new funding to support professionalization of the military (IMET) will continue in its second year.

**SLOVAKIA**  
Sustaining Partnership

**Obstacles and Opportunities for Advancing Transformational Diplomacy**

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

**Resources to Help Advance Transformational Diplomacy**

**Request by Objective**

(\$ in thousands)	2006 Actual	2007 Estimate	2008 Request
Peace & Security	5,328	*	4,100
<b>Total</b>	<b>5,328</b>	<b>*</b>	<b>4,100</b>

**Request by Account**

(\$ in thousands)	2006 Actual	2007 Estimate	2008 Request
Foreign Military Financing	3,960	*	3,000
International Military Education & Training	962	*	1,100
Nonproliferation, Antiterrorism & Demining	406	*	0
<b>Total</b>	<b>5,328</b>	<b>*</b>	<b>4,100</b>

**Peace and Security (\$4.1 million):** U.S. assistance promotes NATO interoperability and capabilities within the Slovak armed forces. Funds will be used to support the development of niche capabilities for NATO, strengthen Slovakia's ability to contribute to NATO peacekeeping missions, and provide a better prepared and more interoperable combat force at tactical and operational levels. Funding will provide equipment and training to promote defense reform, modernization, and to support Slovakia's NATO niche capabilities.

**Request by Element**

(\$ in Thousands)	2006 Actual	2007 Estimate	2008 Request
<b>TOTAL</b>	5,328	*	4,100
Peace & Security	5,328	*	4,100
Combating Weapons of Mass Destruction (WMD)	406	*	0
Counter WMD Proliferation and Combat WMD Terrorism	406	*	0
Stabilization Operations and Security Sector Reform	4,922	*	4,100
Defense, Military, and Border Restructuring, Reform and Operations	4,922	*	4,100

### **Statement of Changes**

International Military Education and Training (IMET) funding for Slovakia has increased from FY 2006 to FY 2008, while Foreign Military Financing (FMF) funding has decreased. This change reflects the increasing capability and NATO interoperability of the Slovakian Armed Forces. IMET allocations have increased somewhat in recognition of the Slovakia's important role as a contributor to coalition operations. Slovakia graduated from U.S.-funded border security assistance and thus no Non-Proliferation, Anti-Terrorism, Demining and Related Programs (NADR) funds were requested in FY 2008.



**SLOVENIA**  
Sustaining Partnership

**Obstacles and Opportunities for Advancing Transformational Diplomacy**

Slovenia currently has troops deployed to the International Security Assistance Force in Afghanistan and to Kosovo, as well as instructors to the NATO Training Mission to Iraq, and maintains troops in Bosnia and Herzegovina as part of the EU's Althea Plan. Future efforts by Slovenia to provide peacekeeping troops and to support GWOT will help bolster stability in the Western Balkans and strengthen our common defense against terrorists. Slovenia must also fulfill its obligations as a NATO member by meeting NATO Force Goals and ensure its border and customs officials are able to secure the country's borders. The continuation of U.S. assistance in the Peace and Security objective will help Slovenia maintain its development momentum as a positive and stabilizing influence in the region and globally.

**Resources to Help Advance Transformational Diplomacy**

**Request by Objective**

(\$ in thousands)	2006 Actual	2007 Estimate	2008 Request
Peace & Security	1,439	*	1,385
<b>Total</b>	<b>1,439</b>	<b>*</b>	<b>1,385</b>

**Request by Account**

(\$ in thousands)	2006 Actual	2007 Estimate	2008 Request
Foreign Military Financing	494	*	500
International Military Education & Training	895	*	885
Nonproliferation, Antiterrorism & Demining	50	*	0
<b>Total</b>	<b>1,439</b>	<b>*</b>	<b>1,385</b>

**Peace and Security (\$1.4 million):** U.S. assistance will promote NATO interoperability and assist in the modernization and reform of Slovenia's military, as well as increase its ability to participate in international missions. Military assistance will help develop Slovenia's niche capabilities, provide English language training, and promote the rule of law, human rights, and civilian control of the military. Technical training will also be provided to Slovenia's deployable combat forces and support elements.

**Request by Element**

(\$ in Thousands)	2006 Actual	2007 Estimate	2008 Request
<b>TOTAL</b>	1,439	*	1,385
Peace & Security	1,439	*	1,385
Combating Weapons of Mass Destruction (WMD)	50	*	0
Counter WMD Proliferation and Combat WMD Terrorism	50	*	0
Stabilization Operations and Security Sector Reform	1,389	*	1,385
Defense, Military, and Border Restructuring, Reform and Operations	1,389	*	1,385

**TURKEY**  
Sustaining Partnership

**Obstacles and Opportunities for Advancing Transformational Diplomacy**

Situated at the crossroads of Europe, the Middle East and the Caucasus, Turkey plays a vital role in the region. As a victim of both domestic and international terrorism, Turkey finds itself in need of improved counter-terrorism capabilities and finance controls. Turkey has also seen an increase in nuclear smuggling and WMD-related incidents, which underscore the need for training in illicit weapons detection, licensing and enhanced border controls. Turkey continues to face a transshipment drug problem from Afghanistan to Europe through Eastern Turkey. Finally, high unemployment and poverty, particularly in the Kurdish-speaking southeast, have led to domestic instability and pose an obstacle to EU accession. Despite these obstacles, numerous opportunities to advance the transformational diplomacy goal exist. With a Muslim population of over 70 million, a working secular democracy, a free market economy and NATO's second-largest military, Turkey can serve as a leader for neighboring states and Muslim nations worldwide. In addition, Turkey is currently active in virtually all aspects of U.S. military operations in the Middle East, the Balkans and Central Asia, including Afghanistan and Iraq.

**Resources to Help Advance Transformational Diplomacy**

**Request by Objective**

(\$ in thousands)	2006 Actual	2007 Estimate	2008 Request
Peace & Security	18,591	*	17,575
Economic Growth	0	*	800
<b>Total</b>	<b>18,591</b>	*	<b>18,375</b>

**Request by Account**

(\$ in thousands)	2006 Actual	2007 Estimate	2008 Request
Economic Support Fund	0	*	850
Foreign Military Financing	14,850	*	11,825
International Military Education & Training	3,011	*	3,000
International Narcotics Control and Law Enforcement	0	*	500
Nonproliferation, Antiterrorism & Demining	730	*	2,200
<b>Total</b>	<b>18,591</b>	*	<b>18,375</b>

**Peace and Security (\$17.6 million):** U.S. assistance focuses on the modernization of the Turkish Armed Forces and improving interoperability with U.S. and NATO forces. This is essential to enable the Turkish military to participate in GWOT, as well as reconstruction and stabilization efforts in Iraq and Afghanistan. Turkey's well-trained military personnel are increasingly needed to meet the challenges of regional instability, international terrorism and long-term peacekeeping. U.S. funding supports training in key professional skills, and instills a positive view of the U.S. and its military, as well as a commitment to civilian control of the military. Moreover, Turkey is building an indigenous defense industry aided by foreign companies; the terms under which these funds are provided help ensure that the U.S. defense industry can compete effectively to participate in the process.

U.S. assistance also focuses on counter-narcotics, transnational crime, counter-terrorism and combating weapons of mass destruction (WMD). Most Afghan-derived opiates are believed to

transit Turkey, which also serves as a base for major narcotics traffickers and brokers. U.S. assistance supports cooperation between Turkish and Afghan law enforcement officials and helps Turkish authorities target regional criminal organizations. U.S. assistance supports outreach programs to encourage greater Turkish commitment to fight al Qaeda and other extremist Islamist groups, as well as efforts to counter the Kurdistan Worker's Party (PKK) terrorist group in Turkey and develop trilateral U.S.-Iraqi-Turkish counter-terrorism cooperation. To prevent WMD proliferation, U.S. assistance supports activities to enhance Turkey's strategic trade control system, training for licensing officers and border guards, and provision of equipment designed to enhance detection, targeting, and inspection capabilities.

**Economic Growth (\$0.8 million):** U.S. assistance supports increased productivity of the agricultural sector, increasing standards of living in Turkey's poorest areas. Funding will also support a program to strengthen micro-enterprise productivity by enhancing U.S.-Turkish business relations, helping attract foreign direct investment, and providing Turkish entrepreneurs increased exposure to Western business practices.

### Request by Element

(\$ in Thousands)	2006 Actual	2007 Estimate	2008 Request
<b>TOTAL</b>	18,591	*	18,375
Peace & Security	18,591	*	17,575
Counter-Terrorism	380	*	1,550
Deny Terrorist Sponsorship, Support and Sanctuary	0	*	750
De-Legitimize Terrorist Ideology	0	*	50
Governments' Capabilities	380	*	750
Combating Weapons of Mass Destruction (WMD)	350	*	600
Counter WMD Proliferation and Combat WMD Terrorism	350	*	600
Stabilization Operations and Security Sector Reform	17,861	*	14,825
Operations Support	14,850	*	11,825
Defense, Military, and Border Restructuring, Reform and Operations	3,011	*	3,000
Counter-Narcotics	0	*	500
Interdiction	0	*	500
Transnational Crime	0	*	100
Financial Crimes and Money Laundering	0	*	100
Economic Growth	0	*	800
Agriculture	0	*	400
Agricultural Sector Productivity	0	*	400
Economic Opportunity	0	*	400
Strengthen Microenterprise Productivity	0	*	400

### Statement of Changes

The increase in Economic Support Funds (ESF) from FY 2006 to FY 2008 reflects the importance of addressing economic development issues that, in turn, can help deep seated social problems. High unemployment and poverty, particularly in the Kurdish-speaking Southeast, have led to domestic instability, posing an obstacle to Turkey's EU accession. The increase in International Narcotics Control and Law Enforcement (INCLE) funding reflects the need to address a sharply increased flow of opiates from Afghanistan through Turkey to world markets. An increase in Non-Proliferation, Anti-Terrorism, Demining and Related Programs (NADR) funding reflects the high priority of anti-terrorism and border security assistance to Turkey. The reduction of Foreign Military Financing (FMF) to Turkey reflects competing priorities worldwide.

**UKRAINE**  
Developing

**Obstacles and Opportunities for Advancing Transformational Diplomacy**

The broad goal of transformational diplomacy in Ukraine is a democratic, prosperous, and secure Ukraine fully integrated into the Euro-Atlantic community. A reformed justice system, a healthy economy, and energy security are necessary elements to ensure realization of the benefits of democracy. The 2004 Orange Revolution provided a key opportunity to advance toward this goal, and an important objective of U.S. assistance is to ensure that the democratic gains of 2004 are carried through by the newly elected Ukrainian government. The United States continues to promote a legacy of legislation and sustainable institutions that advance democratic reform, human rights and economic growth. Endemic corruption and destabilizing criminal activity are serious obstacles to progress, and a factionalized political environment has also slowed the legislative, judicial and market reforms necessary for closer integration with the EU, accession to the WTO and greater integration into the world economy. Increased political will from the Government of Ukraine (GOU) is also required to ensure transparency, security, and diversification of the energy sector and to curb one of Europe's fastest growing HIV/AIDS epidemics. Ukraine has begun implementing a Millennium Challenge Account (MCA) Threshold Program to fight corruption. In November 2006, Ukraine was made Compact-eligible by the Millennium Challenge Corporation (MCC) Board.

**Resources to Help Advance Transformational Diplomacy**

**Request by Objective**

(\$ in thousands)	2006 Actual	2007 Estimate	2008 Request
Peace & Security	43,390	*	35,900
Governing Justly & Democratically	23,633	*	20,400
Investing in People	9,450	*	11,000
Economic Growth	22,616	*	15,500
Humanitarian Assistance	990	*	1,200
<b>Total</b>	<b>100,079</b>	*	<b>84,000</b>

**Request by Account**

(\$ in thousands)	2006 Actual	2007 Estimate	2008 Request
Child Survival and Health	2,176	*	0
Foreign Military Financing	10,890	*	9,000
Freedom Support Act	82,160	*	71,000
International Military Education & Training	1,753	*	1,900
Nonproliferation, Antiterrorism & Demining	3,100	*	2,100
<b>Total</b>	<b>100,079</b>	*	<b>84,000</b>
Peace Corps	5056	*	5151

**Peace and Security (\$35.9 million):** Priorities under the Peace and Security objective include supporting the restructuring, modernization and reform of the Ukrainian armed forces necessary for interoperability with and possible eventual accession to NATO. U.S. assistance will also support development of Ukrainian forces deployable for international missions. Assistance within this objective will also focus on law enforcement reform; countering WMD and conventional weapons proliferation; nuclear safety; reintegration of weapons scientists in civilian

pursuits; export control; border security; combating transnational crime, including trafficking in persons and intellectual property theft; and counternarcotics. Strengthening the rule of law in Ukraine and promoting the reorganization of its law enforcement bodies to comport with European norms are essential to the country's Euro-Atlantic integration, to economic reform, and hence to our transformational diplomacy. Ukraine has been a strong participant in peacekeeping and other international missions in Iraq, Afghanistan, the Balkans, the Middle East and Africa and has been a key partner in tackling the challenge of weapons proliferation. By far the largest funding requirement under the Peace and Security objective is for nuclear safety as it includes \$19.5 million for the Chernobyl Shelter Implementation Project. This proposed funding level reflects our international commitment to contribute \$203 million by FY 2009 to the construction of a shelter over the sarcophagus of the Chernobyl nuclear reactor. By the end of FY 2006, the United States had met \$153 million of its current \$203 million commitment.

**Governing Justly and Democratically (\$20.4 million):** The United States focuses democracy assistance to Ukraine on consolidating democratic progress since the Orange Revolution. Assistance under this objective targets rule of law and justice system reform; good governance and anti-corruption efforts; civil society and independent media capacity-building; and strengthening of the political process and political parties. Good governance capacity-building will contribute to improved government performance, economic growth, political stability, and peace and security. Assistance is focused on helping civil society and the media act as anti-corruption watchdogs as well as on building institutional capacity and promoting good governance in the executive branch, legislature, criminal justice sector and local government. Funding requested to strengthen electoral and political processes in part reflects the intent to support Ukraine in conducting a free and fair presidential election in October 2009. Democratization assistance will fund activities complementary to and supportive of the anti-corruption focus of Ukraine's MCA Threshold Country Plan.

**Investing in People (\$11.0 million):** Funding under the Investing in People objective will focus on combating HIV/AIDS and tuberculosis (TB), on family planning and reproductive health, and on providing social services and job training for vulnerable populations, including trafficking victims and those vulnerable to trafficking. Ukraine has one of the world's fastest rates of increase in HIV and tuberculosis infection. Both diseases are at the pre-epidemic outbreak levels seen earlier in African countries that were later devastated by these infectious diseases. Assistance programs to arrest the spread of HIV/AIDS will also help prevent mother-to-child transmission of HIV/AIDS, address the spread of multi-drug-resistant strains of TB and stem the potential long-term disruption HIV/AIDS poses to Ukraine's economic growth.

Linkages with the President's Plan for AIDS Relief (PEPFAR): Ukraine will receive significant support for bilateral HIV/AIDS programs in FY 2008, with programmatic emphasis on a range of interventions related to care, treatment, and prevention.

**Economic Growth (\$15.5 million):** U.S. economic assistance focuses on the energy sector and on building enabling environments (trade and investment, business, financial, and agricultural) to promote growth, facilitate European integration and implement WTO accession (on the assumption that Ukraine will have acceded to the WTO by FY 2008). Ukraine's long-term political stability is closely linked to its economic prosperity and especially to the rise of a broad entrepreneurial middle class. In addition, assistance to the energy sector will support the Ukraine Nuclear Fuels Qualification Project, energy policy reform, and technical assistance to promote energy security, diversification, transparency and efficiency. Assistance under this objective will include legislative reform and anti-corruption components. Funding will also support education, business internships, and exchanges to build human capital.

**Humanitarian Assistance (\$1.2 million):** Limited funding will support transportation of donated pharmaceuticals and medical equipment, particularly to Chernobyl-affected areas but also to depressed areas in eastern Ukraine, and small reconstruction and water projects.

### Request by Element

(\$ in Thousands)	2006 Actual	2007 Estimate	2008 Request
<b>TOTAL</b>	100,079	*	84,000
Peace & Security	43,390	*	35,900
Combating Weapons of Mass Destruction (WMD)	26,670	*	21,600
Counter WMD Proliferation and Combat WMD Terrorism	26,213	*	19,530
Program Support (WMD)	457	*	2,070
Stabilization Operations and Security Sector Reform	15,635	*	13,400
Destruction and Security of Conventional Weapons	1,500	*	1,000
Defense, Military, and Border Restructuring, Reform and Operations	12,643	*	10,900
Law Enforcement Restructuring, Reform and Operations	1,470	*	1,470
Program Support (Stabilization)	22	*	30
Counter-Narcotics	0	*	200
Drug Demand Reduction	0	*	196
Program Support (Narcotics)	0	*	4
Transnational Crime	1,085	*	700
Intellectual Property Theft, Corporate Espionage, and Cyber Security	0	*	184
Trafficking-in-Persons and Migrant Smuggling	1,000	*	461
Program Support (Crime)	85	*	55
Governing Justly & Democratically	23,633	*	20,400
Rule of Law and Human Rights	1,596	*	5,000
Judicial Independence	0	*	288
Justice System	1,534	*	4,519
Program Support (Rule of Law)	62	*	193
Good Governance	8,536	*	5,600
Legislative Function and Processes	1,225	*	871
Public Sector Executive Function	0	*	697
Local Government and Decentralization	5,534	*	1,395
Anti-Corruption Reforms	680	*	1,395
Governance of the Security Sector	0	*	523
Program Support (Governance)	1,097	*	719
Political Competition and Consensus-Building	3,083	*	3,400
Elections and Political Processes	732	*	1,977
Political Parties	2,038	*	1,078
Program Support (Political Competition)	313	*	345
Civil Society	10,418	*	6,400
Civic Participation	4,754	*	4,645
Media Freedom and Freedom of Information	4,925	*	1,301
Program Support (Civil Society)	739	*	454
Investing in People	9,450	*	11,000
Health	9,292	*	10,100
HIV/AIDS	4,114	*	7,750
Tuberculosis	1,575	*	1,500
Avian Influenza	225	*	0
Other Public Health Threats	212	*	0

(\$ in Thousands)	2006 Actual	2007 Estimate	2008 Request
Maternal and Child Health	1,931	*	0
Family Planning and Reproductive Health	1,235	*	850
Education	158	*	100
Higher Education	158	*	100
Social and Economic Services and Protection for Vulnerable Populations	0	*	800
Social Services	0	*	800
Economic Growth	22,616	*	15,500
Macroeconomic Foundation for Growth	1,064	*	0
Fiscal policy	479	*	0
Monetary policy	425	*	0
Program Support (Macro Econ)	160	*	0
Trade and Investment	1,680	*	3,400
Trade and Investment Enabling Environment	1,105	*	2,628
Trade and Investment Capacity	367	*	350
Program Support (Trade)	208	*	422
Financial Sector	7,461	*	3,000
Financial Sector Enabling Environment	1,152	*	2,215
Financial Services	5,733	*	554
Program Support (Financial Sector)	576	*	231
Infrastructure	6,000	*	4,100
Modern Energy Services	5,611	*	4,030
Program Support (Infrastructure)	389	*	70
Agriculture	2,989	*	1,600
Agricultural Enabling Environment	1,793	*	595
Agricultural Sector Productivity	1,170	*	991
Program Support (Agriculture)	26	*	14
Private Sector Competitiveness	1,937	*	2,400
Business Enabling Environment	1,837	*	1,896
Workforce Development	0	*	380
Program Support (Private Sector)	100	*	124
Economic Opportunity	0	*	1,000
Inclusive Financial Markets	0	*	948
Program Support (Econ Opportunity)	0	*	52
Environment	1,485	*	0
Natural Resources and Biodiversity	1,396	*	0
Program Support (Environment)	89	*	0
Humanitarian Assistance	990	*	1,200
Protection, Assistance and Solutions	990	*	1,200
Crisis Assistance and Recovery	990	*	1,200

#### **Linkages with the Millennium Challenge Corporation (MCC)**

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

### **Statement of Changes**

Overall funding for Ukraine has decreased 17 percent from FY 2006 to the proposed FY 2008 level. While funding cuts have been spread across the objectives, the FY 2008 budget proposes increased funding to support justice sector reform, combat HIV/AIDS, and promote economic growth and opportunity by improving trade, investment, and financial sector enabling environments. The increased focus on justice sector reform reflects the importance of curbing corruption and organized crime to improving government performance, economic growth, political stability, peace and security, and Euro-Atlantic integration. A substantial increase in funding to combat HIV/AIDS reflects the priority the President places on combating HIV/AIDS, particularly in pre-epidemic, high growth rate areas. Improving trade, investment and financial sector environments will promote economic growth and security against external economic pressures.



**EURASIA REGIONAL**  
Regional

**Obstacles and Opportunities for Advancing Transformational Diplomacy**

Eurasian countries are having difficulty transitioning from Soviet political, economic, and social control to free-market democracies while addressing the twenty-first century's transnational threats. While most Eurasian countries implemented some policy reforms to liberalize and strengthen their economies in 2006, only three made progress on democratic reform. Unfortunately, the regional cooperation that could cement both the momentum for and fruits of reform is thwarted by festering border disputes, persistent tension between ethnic minority groups, and regional political pressures. This paucity of regional cooperation prevents Eurasian countries from collaborating to resolve issues that transcend borders and inhibits their integration into international and Euro-Atlantic institutions. Regionally-budgeted assistance boosts the effectiveness of bilateral programs by fostering regional cooperation, provides a rapid response mechanism for political and/or humanitarian emergencies, and supports regionally-based or Washington-based personnel and platforms to implement regional transformational diplomacy objectives.

**Resources to Help Advance Transformational Diplomacy**

**Request by Objective**

(\$ in thousands)	2006 Actual	2007 Estimate	2008 Request
Peace & Security	18,329	*	7,410
Governing Justly & Democratically	5,189	*	4,790
Investing in People	6,992	*	2,749
Economic Growth	7,625	*	4,970
Humanitarian Assistance	6,064	*	2,300
<b>Total</b>	<b>44,199</b>	*	<b>22,219</b>

**Request by Account**

(\$ in thousands)	2006 Actual	2007 Estimate	2008 Request
Freedom Support Act	44,199	*	22,219
<b>Total</b>	<b>44,199</b>	*	<b>22,219</b>

**Peace and Security (\$7.4 million):** Borders throughout the Eurasian region are porous and regional law enforcement cooperation is weak. U.S. regional assistance programs improve regional law enforcement capabilities and regional cooperation with U.S. law enforcement to combat trans-border drug trafficking and organized crime. Funding will be used to support important multilateral programs such as the Almaty-based Central Asian Regional Information and Coordination Center (CARICC) for combating organized crime and other UN-sponsored projects, as well as multi-country training at the International Law Enforcement Academy (ILEA) in Budapest. U.S. regional assistance promotes cooperation to strengthen weak Eurasian money-laundering and other counterterrorism capacities, thereby limiting the threat of terrorism in, through, and from the region. To reduce the spread of weapons of mass destruction-related materials and knowledge, U.S. regional assistance bolsters bilateral programs by supporting regional cooperation, including support for channeling the skills of the region's nuclear scientists into civilian work.

Festering regional conflicts continue to threaten internal and regional stability in Eurasia. The United States works actively under the auspices of the Organization for Security and Cooperation in Europe (OSCE) to resolve regional conflicts, contain and reduce instability, assist with post-conflict rehabilitation, combat transnational threats to stability, implement measures against terrorism, and promote reform. The OSCE's work on democratization, good governance, economic development, security reform, and related efforts reflect an integrated approach designed to prevent conflicts and unrest. Funding for the OSCE is requested under this heading as well as in the Europe Regional and International Organizations section of the budget justification.

**Governing Justly and Democratically (\$4.8 million):** On the whole, democratic institutions in Eurasia remain weak. In 2006, those countries at the forefront of democratization were challenged by the difficulty of sustaining the momentum of reform while those that had been backsliding in previous years fell further behind. U.S. regional assistance programs aim to boost bilateral efforts by seeking to promote regional information sharing and nurturing cross-border links and cooperation, enabling governmental and non-governmental actors to share best practices and experience. Funding supports programs to advance bilateral efforts to develop sustainable civil society institutions and funds analytical tools that capture Eurasia's progress in moving toward democratic societies. Networks of non-governmental organizations help build a groundswell of democratic reformers who can push autocratic or unresponsive governments to take citizen's concerns into account. Funding also supports independent media development to increase access to objective information and promote regional knowledge and understanding of current events.

**Investing in People (\$2.7 million):** Life expectancy in the Eurasian region is lower now than it was in 1989. U.S. assistance promotes regional public health information-sharing and cooperation, strengthens countries' ability to prevent the spread of disease, including HIV/AIDS and drug-resistant tuberculosis, and improves living standards. In many countries of the region, failure to develop and sustain market-oriented social services undermines public support for economic and democratic reform. U.S. regional assistance supplements bilateral efforts to improve policies, regulations and systems.

**Economic Growth (\$5.0 million):** Most Eurasian countries do not benefit from robust regional trade or investment. U.S. regional assistance funds feasibility studies and provides for technical assistance to advance economic development; opens opportunities for U.S. business; promotes regional integration of energy markets, energy security and supply diversification; and fosters regional border control and customs cooperation. Eurasian countries as a whole made some progress on fiscal reform in 2006. Regional financial sector reform programs improve the success of internal fiscal reform efforts, contribute to economic growth, and inform and influence governments to bring their practices in line with international agreements and European practices. In 2006, energy crises telescoped out of Eurasia into Western Europe. Regional assistance programs build support for efforts to create regional energy networks that will provide for regional energy security. Citizens of the entire region continue to suffer the injurious effects of Soviet planners' lack of concern for the environment. U.S. regional programs advance regional cooperation to safeguard remaining natural resources and biodiversity.

**Humanitarian Assistance (\$2.3 million):** Many of the countries of Eurasia are not able to maintain emergency response capabilities or provide for vulnerable populations, including the hundreds of thousands of internally displaced persons and refugees produced by territorial disputes. U.S. regional humanitarian assistance covers operational costs and provides a rapid response mechanism to address unanticipated humanitarian needs.

### Request by Element

(\$ in Thousands)	2006 Actual	2007 Estimate	2008 Request
<b>TOTAL</b>	44,199	*	22,219
Peace & Security	18,329	*	7,410
Counter-Terrorism	495	*	500
Governments' Capabilities	421	*	425
Program Support (Counter-Terrorism)	74	*	75
Combating Weapons of Mass Destruction (WMD)	198	*	100
Counter WMD Proliferation and Combat WMD Terrorism	144	*	73
Program Support (WMD)	54	*	27
Stabilization Operations and Security Sector Reform	3,369	*	1,875
Explosive Remnants of War (ERW)	400	*	0
Law Enforcement Restructuring, Reform and Operations	2,924	*	1,837
Program Support (Stabilization)	45	*	38
Transnational Crime	387	*	0
Trafficking-in-Persons and Migrant Smuggling	298	*	0
Program Support (Crime)	89	*	0
Conflict Mitigation and Reconciliation	13,880	*	4,935
Conflict Mitigation	2,000	*	2,000
Preventive Diplomacy	11,880	*	2,935
Governing Justly & Democratically	5,189	*	4,790
Rule of Law and Human Rights	106	*	140
Program Support (Rule of Law)	106	*	140
Good Governance	159	*	280
Program Support (Governance)	159	*	280
Political Competition and Consensus-Building	2,375	*	2,080
Consensus-Building Processes	280	*	0
Elections and Political Processes	2,000	*	2,000
Program Support (Political Competition)	95	*	80
Civil Society	2,549	*	2,290
Civic Participation	100	*	0
Media Freedom and Freedom of Information	99	*	0
Program Support (Civil Society)	2,350	*	2,290
Investing in People	6,992	*	2,749
Health	3,489	*	2,049
HIV/AIDS	1,355	*	0
Tuberculosis	373	*	400
Other Public Health Threats	2	*	650
Maternal and Child Health	501	*	314
Family Planning and Reproductive Health	571	*	485
Water Supply and Sanitation	687	*	200
Education	2,475	*	0
Higher Education	2,475	*	0
Social and Economic Services and Protection for Vulnerable Populations	1,028	*	700
Policies, Regulations, and Systems	1,028	*	700
Economic Growth	7,625	*	4,970
Macroeconomic Foundation for Growth	263	*	390
Fiscal policy	230	*	90

(\$ in Thousands)	2006 Actual	2007 Estimate	2008 Request
Program Support (Macro Econ)	33	*	300
Trade and Investment	3,574	*	2,100
Trade and Investment Enabling Environment	3,437	*	2,024
Program Support (Trade)	137	*	76
Financial Sector	935	*	450
Financial Sector Enabling Environment	460	*	200
Program Support (Financial Sector)	475	*	250
Infrastructure	1,863	*	1,100
Modern Energy Services	1,363	*	650
Program Support (Infrastructure)	500	*	450
Private Sector Competitiveness	709	*	555
Business Enabling Environment	0	*	275
Private Sector Productivity	511	*	0
Program Support (Private Sector)	198	*	280
Environment	281	*	375
Program Support (Environment)	281	*	375
Humanitarian Assistance	6,064	*	2,300
Protection, Assistance and Solutions	6,064	*	2,300
Crisis Assistance and Recovery	5,354	*	1,530
Program Support (Protection)	710	*	770

## EUROPE REGIONAL

### Regional

#### Obstacles and Opportunities for Advancing Transformational Diplomacy

The countries of Southeastern Europe have made considerable progress since the 1990s, but obstacles are still posed by the incomplete transition from communism, economic stagnation, limited investment in human capital, transnational threats, and continuing ethnic tensions. The legacy of the conflicts of the previous decade continues to hinder efforts to solve problems in a cooperative manner. Nevertheless, the development of free market economies and democratic political systems continues to advance. The desire of the people of the region to see their countries fully integrate into Euro-Atlantic institutions presents an opportunity to achieve significant further progress. Regionally-budgeted assistance is crucial in supporting cross-border knowledge transfer and cooperative programs, providing a rapid response mechanism to address unforeseen political and/or humanitarian emergencies, and supporting regionally-based or Washington-based personnel and platforms that contribute to achieving transformational diplomacy objectives.

#### Resources to Help Advance Transformational Diplomacy

##### Request by Objective

(\$ in thousands)	2006 Actual	2007 Estimate	2008 Request
Peace & Security	21,459	*	10,565
Governing Justly & Democratically	12,590	*	3,869
Investing in People	2,689	*	1,675
Economic Growth	5,079	*	5,595
<b>Total</b>	<b>41,817</b>	<b>*</b>	<b>21,704</b>

##### Request by Account

(\$ in thousands)	2006 Actual	2007 Estimate	2008 Request
Nonproliferation, Antiterrorism & Demining	977	*	500
Assistance for Eastern Europe and Baltic States	40,840	*	21,204
<b>Total</b>	<b>41,817</b>	<b>*</b>	<b>21,704</b>

**Peace and Security (\$10.6 million):** Many of the countries of Southeastern Europe have weak border controls and law enforcement bodies that are still not adequate to meet the growing challenge of transnational organized crime. U.S. assistance supports law enforcement activities that can counter this threat most effectively at the regional level, including coordinated international investigations and prosecutions. U.S. assistance is also positioned to provide a rapid response capability when developments with an effect on the entire region, such as the Kosovo status issue, require urgent action.

Festering regional conflicts continue to threaten internal and regional stability in Europe. The United States works actively under the auspices of the Organization for Security and Cooperation in Europe (OSCE) to resolve regional conflicts, contain and reduce instability, assist with post-conflict rehabilitation, combat transnational threats to stability, implement measures against terrorism, and promote reform. The OSCE's work on democratization, good governance, economic development, security reform, and related efforts reflects an integrated approach designed to prevent conflicts and unrest. Funding for the Organization for Security and

Cooperation in Europe (OSCE) is requested under this heading as well as in the Eurasia Regional and International Organizations sections of the budget justification.

**Governing Justly and Democratically (\$3.9 million):** Stronger democratic institutions and respect for the rule of law are crucial to the continued democratic transition of Southeastern Europe. U.S. assistance supporting regional initiatives in these areas builds on the incentives provided by the desire of countries in the region to fulfill NATO and EU membership criteria. Programs are structured to increase the degree of regional ownership of cooperation activities over time and reduce the role of donors. Since in several countries there is a possibility of snap elections that will test still-fragile democratic institutions, funding is requested to help ensure they are free and fair. U.S. assistance fosters progress in free speech, professional journalism, plurality of news sources, and sound business management, as well as supporting institutions of independent media. Funding also supports analytical tools that capture Southeastern Europe's progress in moving toward democratic societies and advances bilateral and regional efforts to develop sustainable civil society institutions. Small grants to the alumni of U.S. exchange, training and other public diplomacy programs sustain their efforts to advance reform in their countries and build strong relationships between the United States and countries of the region.

**Investing in People (\$1.7 million):** Health indicators including infant mortality and life expectancy have shown improvement in Southeastern Europe over the past decade. U.S. regional assistance promotes regional public health information sharing and cooperation, strengthening countries' ability to prevent the spread of disease, focusing on critical areas such as HIV/AIDS. Significant parts of the population of the region do not benefit sufficiently from the general progress in health and social indicators in the region. U.S. regional assistance supplements bilateral efforts to improve policies, regulations and systems.

**Economic Growth (\$5.6 million):** Economic development of Southeastern Europe is handicapped by the inability of countries to participate fully in the international trading system and exploit fully trade and investment opportunities with neighbors. U.S. assistance helps countries work together to implement trade laws and regulation consistent with rules of the World Trade Organization and develop structures that will help bring the benefits of freer trade, as well as enhance their ability to attract foreign investment. Regional financial sector reform programs promote fiscal reform, contribute to economic growth, and help bring laws and practices into line with international agreements. Achieving a reliable and affordable energy supply is a challenge that can be addressed effectively only on a regional basis. U.S. assistance supports implementation of regional energy markets, spurring economic growth and contributing to stability. Abuse of the environment and failure to price water and public services rationally in the communist era took a toll on the infrastructure and environmental quality of the region. U.S. assistance programs promote cooperation among the countries of the region to safeguard natural resources and maintain biodiversity.

#### Request by Element

(\$ in Thousands)	2006	2007	2008
	Actual	Estimate	Request
<b>TOTAL</b>	41,817	*	21,704
Peace & Security	21,459	*	10,565
Counter-Terrorism	0	*	500
Governments' Capabilities	0	*	500
Combating Weapons of Mass Destruction (WMD)	835	*	0
Counter WMD Proliferation and Combat WMD Terrorism	835	*	0

(\$ in Thousands)	2006 Actual	2007 Estimate	2008 Request
Stabilization Operations and Security Sector Reform	990	*	1,000
Law Enforcement Restructuring, Reform and Operations	975	*	980
Program Support (Stabilization)	15	*	20
Transnational Crime	3,448	*	1,000
Financial Crimes and Money Laundering	736	*	980
Trafficking-in-Persons and Migrant Smuggling	1,535	*	0
Organized and Gang-related Crime	585	*	0
Program Support (Crime)	592	*	20
Conflict Mitigation and Reconciliation	16,186	*	8,065
Peace and Reconciliation Processes	0	*	2,500
Preventive Diplomacy	16,186	*	5,565
Governing Justly & Democratically	12,590	*	3,869
Rule of Law and Human Rights	1,853	*	267
Constitutions, Laws, and Legal Systems	0	*	43
Judicial Independence	0	*	43
Justice System	944	*	43
Human Rights	350	*	43
Program Support (Rule of Law)	559	*	95
Good Governance	181	*	268
Program Support (Governance)	181	*	268
Political Competition and Consensus-Building	1,407	*	1,767
Consensus-Building Processes	1,167	*	1,059
Elections and Political Processes	0	*	573
Political Parties	0	*	87
Program Support (Political Competition)	240	*	48
Civil Society	9,149	*	1,567
Civic Participation	8,685	*	392
Media Freedom and Freedom of Information	150	*	82
Program Support (Civil Society)	314	*	1,093
Investing in People	2,689	*	1,675
Health	1,059	*	1,125
HIV/AIDS	364	*	0
Tuberculosis	120	*	0
Other Public Health Threats	69	*	1,125
Maternal and Child Health	146	*	0
Family Planning and Reproductive Health	118	*	0
Water Supply and Sanitation	242	*	0
Education	1,535	*	0
Higher Education	1,535	*	0
Social and Economic Services and Protection for Vulnerable Populations	95	*	550
Policies, Regulations, and Systems	95	*	550
Economic Growth	5,079	*	5,595
Macroeconomic Foundation for Growth	236	*	0
Fiscal policy	177	*	0
Program Support (Macro Econ)	59	*	0
Trade and Investment	0	*	875
Trade and Investment Enabling Environment	0	*	574
Trade and Investment Capacity	0	*	144
Program Support (Trade)	0	*	157
Financial Sector	533	*	1,405

(\$ in Thousands)	2006 Actual	2007 Estimate	2008 Request
Financial Sector Enabling Environment	252	*	1,234
Program Support (Financial Sector)	281	*	171
Infrastructure	1,998	*	2,600
Modern Energy Services	1,500	*	2,071
Program Support (Infrastructure)	498	*	529
Private Sector Competitiveness	2,273	*	347
Business Enabling Environment	693	*	0
Private Sector Productivity	648	*	0
Workforce Development	375	*	0
Program Support (Private Sector)	557	*	347
Environment	39	*	368
Natural Resources and Biodiversity	0	*	120
Program Support (Environment)	39	*	248



**EUROPE REGIONAL**  
Regional

**Request by Element**

(\$ in Thousands)	2006 Actual	2007 Estimate	2008 Request
<b>TOTAL</b>	41,817	*	21,704
Peace & Security	21,459	*	10,565
Counter-Terrorism	0	*	500
Governments' Capabilities	0	*	500
Combating Weapons of Mass Destruction (WMD)	835	*	0
Counter WMD Proliferation and Combat WMD Terrorism	835	*	0
Stabilization Operations and Security Sector Reform	990	*	1,000
Law Enforcement Restructuring, Reform and Operations	975	*	980
Program Support (Stabilization)	15	*	20
Transnational Crime	3,448	*	1,000
Financial Crimes and Money Laundering	736	*	980
Trafficking-in-Persons and Migrant Smuggling	1,535	*	0
Organized and Gang-related Crime	585	*	0
Program Support (Crime)	592	*	20
Conflict Mitigation and Reconciliation	16,186	*	8,065
Peace and Reconciliation Processes	0	*	2,500
Preventive Diplomacy	16,186	*	5,565
Governing Justly & Democratically	12,590	*	3,869
Rule of Law and Human Rights	1,853	*	267
Constitutions, Laws, and Legal Systems	0	*	43
Judicial Independence	0	*	43
Justice System	944	*	43
Human Rights	350	*	43
Program Support (Rule of Law)	559	*	95
Good Governance	181	*	268
Program Support (Governance)	181	*	268
Political Competition and Consensus-Building	1,407	*	1,767
Consensus-Building Processes	1,167	*	1,059
Elections and Political Processes	0	*	573
Political Parties	0	*	87
Program Support (Political Competition)	240	*	48
Civil Society	9,149	*	1,567
Civic Participation	8,685	*	392
Media Freedom and Freedom of Information	150	*	82
Program Support (Civil Society)	314	*	1,093
Investing in People	2,689	*	1,675
Health	1,059	*	1,125
HIV/AIDS	364	*	0
Tuberculosis	120	*	0
Other Public Health Threats	69	*	1,125
Maternal and Child Health	146	*	0
Family Planning and Reproductive Health	118	*	0
Water Supply and Sanitation	242	*	0
Education	1,535	*	0
Higher Education	1,535	*	0

(\$ in Thousands)	2006 Actual	2007 Estimate	2008 Request
Social and Economic Services and Protection for Vulnerable Populations	95	*	550
Policies, Regulations, and Systems	95	*	550
Economic Growth	5,079	*	5,595
Macroeconomic Foundation for Growth	236	*	0
Fiscal policy	177	*	0
Program Support (Macro Econ)	59	*	0
Trade and Investment	0	*	875
Trade and Investment Enabling Environment	0	*	574
Trade and Investment Capacity	0	*	144
Program Support (Trade)	0	*	157
Financial Sector	533	*	1,405
Financial Sector Enabling Environment	252	*	1,234
Program Support (Financial Sector)	281	*	171
Infrastructure	1,998	*	2,600
Modern Energy Services	1,500	*	2,071
Program Support (Infrastructure)	498	*	529
Private Sector Competitiveness	2,273	*	347
Business Enabling Environment	693	*	0
Private Sector Productivity	648	*	0
Workforce Development	375	*	0
Program Support (Private Sector)	557	*	347
Environment	39	*	368
Natural Resources and Biodiversity	0	*	120
Program Support (Environment)	39	*	248

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## **NEAR EAST**

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## Near East Regional Overview

### Obstacles and Opportunities for Advancing Transformational Diplomacy

#### Request by Account

(\$ in thousands)	2006 Actual	2007 Estimate	2008 Request
Child Survival and Health	0	*	35,733
Development Assistance	10,284	*	6,000
Economic Support Fund	1,351,350	*	1,263,332
Foreign Military Financing	3,814,469	*	3,934,400
International Military Education & Training	12,244	*	15,727
International Narcotics Control and Law Enforcement	990	*	88,300
Nonproliferation, Antiterrorism & Demining	16,798	*	56,691
Public Law 480 (Food Aid)	4,723	*	0
Transition Initiatives	343	*	0
<b>Total</b>	<b>5,211,201</b>	*	<b>5,400,183</b>

The Near East region presents considerable opportunities to use U.S. assistance to bolster efforts at political and economic reform, assist the parties in pursuing a resolution to the Israeli-Palestinian conflict, ensure the security of our allies and mitigate the influence of extremist regimes and movements. The most immediate challenge - for both the United States and our moderate partners in the region - is ensuring security and stability in Iraq.

Some obstacles to advancing transformational diplomacy in the region are well-known. The results of free elections in West Bank/Gaza and Lebanon underscore the need to more effectively strengthen political moderates. In addition to these high profile issues, other challenges common to the developing world beset the region's poorer countries. Population growth is higher than almost anywhere else in the world. The existence of an outsized youth cohort (roughly 50-60% of the population is under age 24) exacerbates all aspects of political, social and economic problems where available educational resources are poor, government services are inadequate and good jobs are few. Such an environment facilitates the recruitment of young people toward extreme ideologies and potentially violent action. Relatively weak economic performance is ascribed by the International Monetary Fund (IMF) to a number of interrelated factors, including high population growth, lagging political and institutional reforms, large and costly public sectors, poor educational systems, and weak trade and finance regimes. Corruption remains a pervasive problem that undercuts both economic growth and good governance.

In the year ahead, the USG will employ regional and bilateral foreign assistance to pursue a strategy in the Near East region that aims to: help Iraqis take the lead on a new strategy to improve security, promote national reconciliation, and spur economic growth; renew progress toward a two-state solution to the Israeli-Palestinian conflict; expand counter-terrorism cooperation with the states of North Africa; secure Libya's renunciation of terrorism; and assist regional partners in establishing an effective Middle East and North Africa Financial Action Task Force. In addition, the U.S. will promote efforts at political, economic, and educational reform in the region. As the leading democracy promotion donor, U.S. assistance programs will help political parties to effectively aggregate and represent citizens' interests, support politically active civil society organizations, and help create avenues for citizens to participate in oversight and advocacy that improve governance and build a democratic culture. Assistance will support countries to negotiate and implement trade agreements, and take advantage of the resulting

economic opportunities. In addition to State and USAID funds, MCC funding includes a Threshold program with Jordan and MCC eligibility for Morocco.

## Resources to Help Advance Transformational Diplomacy

### Request by Objective and Area for the Near East

	FY 2006 Actual	FY 2008 Request
<b>TOTAL</b>	5,211,201	5,400,183
<b>1 Peace &amp; Security</b>	3,946,516	4,091,098
1.1 Counter-Terrorism	6,994	39,291
1.2 Combating Weapons of Mass Destruction (WMD)	804	4,400
1.3 Stabilization Operations and Security Sector Reform	3,928,903	4,039,407
1.5 Transnational Crime	4,865	4,000
1.6 Conflict Mitigation and Reconciliation	4,950	4,000
<b>2 Governing Justly &amp; Democratically</b>	225,385	407,340
2.1 Rule of Law and Human Rights	34,683	107,570
2.2 Good Governance	40,232	128,450
2.3 Political Competition and Consensus-Building	55,410	30,700
2.4 Civil Society	95,060	140,620
<b>3 Investing in People</b>	281,458	394,451
3.1 Health	108,881	134,487
3.2 Education	170,312	259,664
3.3 Social and Economic Services and Protection for Vulnerable Populations	2,265	300
<b>4 Economic Growth</b>	736,944	482,794
4.1 Macroeconomic Foundation for Growth	165,373	161,506
4.2 Trade and Investment	255,697	56,909
4.3 Financial Sector	210,650	17,670
4.4 Infrastructure	5,823	4,000
4.5 Agriculture	23,664	76,050
4.6 Private Sector Competitiveness	41,215	98,269
4.7 Economic Opportunity	10,522	27,000
4.8 Environment	24,000	41,390
<b>5 Humanitarian Assistance</b>	20,898	24,500
5.1 Protection, Assistance and Solutions	20,898	24,500

**Peace and Security (\$4.09 billion):** In order to combat terrorism and promote peace and security, U.S. assistance will continue robust, cooperative efforts with regional governments to prevent terrorist attacks, disrupt terrorist finance, and bring terrorists to justice. Through assistance and training programs, the USG is helping friendly governments in the region build their regulatory, enforcement, and operational counter-terrorism capabilities, including strengthening regional military and law enforcement forces and financial oversight and regulatory capabilities. Military-to-military cooperation will remain a high priority in order to bolster local capabilities to contain conflict, protect national territory, and pre-empt the establishment of safe havens for terrorists, while enhancing civilian oversight of the military. A principal concern in the region is the potential exploitation by terrorist organizations of the weak governmental

controls along the border areas in the Trans-Sahara region. U.S. assistance supports the efforts of the Trans-Sahara Counter-Terrorism Partnership (TSCTP) to help friendly states enhance their counter-terrorism capabilities and improve border controls.

The pursuit of weapons of mass destruction by regional powers and non-state actors remains a principal source of threat and instability in the Middle East. The United States and its key European allies are working in concert to prevent Iran from acquiring nuclear weapon capability. The United States is prepared to respond positively to concrete steps taken to address WMD concerns as it did in response to Libya's implementation of its December 2003 commitment to eliminate WMD and MTCR-class missile programs.

**Governing Justly and Democratically (\$407.3 million):** The budget request for an 80% increase in funding in FY 2008 over FY 2006 for this objective reflects the importance of improved governance to addressing the underlying conditions of underdevelopment and extremism. The bulk of the increase will be devoted to work on governance and political reform in Iraq, Jordan, Lebanon and Yemen. Through regional programs, such as MEPI, and bilateral assistance, the USG will support institutional reforms that strengthen the rule of law, combat corruption, improve performance of government institutions and expand opportunities for effective public participation in the political process. The USG will work with and help build the capacity of civil society to promote democratic, economic, and educational reform and to fully empower women. Finally, the USG remains committed to work in cooperation with international organizations and non-governmental organizations to promote adherence to universally accepted standards of respect for human rights and civil liberties in the region. In particular, U.S. assistance will enhance efforts to combat Trafficking in Persons throughout the region, as well as promote concepts of religious, racial, and ethnic tolerance.

**Investing in People (\$394.4 million):** The budget request for a 41% increase in FY 2008 over FY 2006 for this objective underscores the contribution of health care and education to ameliorating the underlying causes of extremism and supporting economic growth. U.S. assistance will continue to emphasize women's access to education and health care, while supporting reforms that improve quality in both for all citizens. Investments in girls' education pay off in higher rates of school attendance, attainment, and completion among their children, as well as in improvements in the status of women within families, the local community, and the political arena. Most of the increase will support good performance on reforms in both sectors in Egypt, Jordan and Morocco. Additional resources will help strengthen access to health care in Yemen.

**Economic Growth (\$482.8 million):** U.S. assistance will support reforms that professionalize the financial sector, encourage private sector development, and further open the economies to trade and investment. With respect to the latter, the USG will strengthen bilateral economic ties through Trade and Investment Framework Agreements and Free Trade Agreements designed to promote economic reform. U.S. assistance will facilitate expanded regional engagement on trade and investment, as well as promote WTO accession and compliance. Progress in these dimensions will help countries expand their economic base and participate more fully in the global economy. In all but four countries (Lebanon, Iraq, Syria, and Yemen), some economic reforms have taken root, which have contributed to positive GDP growth rates. Moreover, continued support for economic improvement will help weaken support for extremists.

**Humanitarian Assistance (\$24.5 million):** The focus of U.S. assistance will be on meeting the significant humanitarian needs of the Palestinian people.



Please note that FY 2006 appropriations include P.L 480 Title II Emergency Food Aid programs allocated to countries on an as-needed basis over the course of FY 2006. The FY 2008 P.L. 480 Title II Emergency Food Aid request has not been allocated to specific countries, as emergency food aid needs will be determined on an as-needed basis over the course of FY 2008. The result of these differences in the allocation of emergency food aid between FY 2006 and FY 2008 is significant in Africa and marginally so for SCA. It is not significant for this region where emergency food aid was a very small percentage of total assistance to the region in FY 2006.

**ALGERIA**  
Developing

**Obstacles and Opportunities for Advancing Transformational Diplomacy**

After over a decade protecting state institutions against civil insurgency, Algeria is now rebuilding its political and economic systems. Algeria is a significant and stable exporter of oil and gas with \$66 billion in reserves. The U.S. assistance relationship with Algeria has been modest with programs favoring small technical assistance efforts to respond to Algeria's need to reform its formerly closed, single-party political system, weak civil society, and public sector-dominated economy. The increased funding request represents significant realignment of U.S. assistance to increase support for democracy and governance and economic growth, while maintaining a strong security relationship. U.S. assistance encourages the development of a strong military-to-military relationship and Algerian participation in U.S. military training. U.S. assistance programs will also ask Algeria, as a wealthy country, to match foreign assistance provided.

**Resources to Help Advance Transformational Diplomacy**

**Request by Objective**

(\$ in thousands)	2006 Actual	2007 Estimate	2008 Request
Peace & Security	823	*	1,720
Governing Justly & Democratically	0	*	400
Economic Growth	0	*	765
<b>Total</b>	<b>823</b>	<b>*</b>	<b>2,885</b>

**Request by Account**

(\$ in thousands)	2006 Actual	2007 Estimate	2008 Request
Economic Support Fund	0	*	1,165
International Military Education & Training	823	*	700
International Narcotics Control and Law Enforcement	0	*	200
Nonproliferation, Antiterrorism & Demining	0	*	820
<b>Total</b>	<b>823</b>	<b>*</b>	<b>2,885</b>

**Peace and Security (\$1.7 million):** Fighting a fundamentalist insurgency in the 1990s gave Algeria's military and security services vast experience combating terrorism and extremism. The U.S. Government seeks to cultivate Algeria as a partner in fighting global terrorism. Political and economic reform will underpin Algeria's ability to maintain peace and security within its own borders and in the Maghreb and Sahel. Algeria is a significant counter-terrorism partner in northwest Africa. The Joint Military Dialogue (JMD), joint military exercises (JCETs), the IMET program, the Trans-Sahara Counter-Terrorism Partnership, and potential Foreign Military Sales combine to underscore a growing security relationship and provide the technical assistance and equipment for Algeria to maintain internal security and regional stability. The IMET program in Algeria has provided substantial results for modest outlays of funds. These programs strengthen U.S. ties to a major regional power as it reshapes its post-Cold War orientation. Through this assistance, Algerian military personnel attend U.S. military training, thus enhancing their awareness of international norms of human rights, civilian control of the military, technical training, and English language training. In addition to military training and counter-terrorism, U.S. foreign assistance programs strengthen cooperation in combating transnational crime.

**Governing Justly (\$0.4 million):** Funding is focused on efforts to develop a democratic, transparent and accountable political system, as well as a civil society that respects basic human rights and empowers women.

**Economic Growth (\$0.8 million):** U.S. assistance will support reform of the financial sector environment and promote a more favorable investment climate to encourage increased foreign direct investment.

### Request by Element

(\$ in Thousands)	2006 Actual	2007 Estimate	2008 Request
<b>TOTAL</b>	823	*	2,885
Peace & Security	823	*	1,720
Counter-Terrorism	0	*	820
Deny Terrorist Sponsorship, Support and Sanctuary	0	*	820
Stabilization Operations and Security Sector Reform	823	*	700
Defense, Military, and Border Restructuring, Reform and Operations	823	*	700
Transnational Crime	0	*	200
Financial Crimes and Money Laundering	0	*	200
Governing Justly & Democratically	0	*	400
Rule of Law and Human Rights	0	*	200
Human Rights	0	*	200
Civil Society	0	*	200
Civic Participation	0	*	200
Economic Growth	0	*	765
Trade and Investment	0	*	400
Trade and Investment Enabling Environment	0	*	400
Financial Sector	0	*	365
Financial Sector Enabling Environment	0	*	365

### Statement of Changes

Funding for Algeria has increased considerably from FY 2006 levels. ESF funding will support new activities under Governing Justly and Democratically and Economic Growth, while INCLE and NADR will fund new activities under Peace and Security. Meanwhile, IMET will continue to serve as the centerpiece of the U.S. Government-GOA military-military relationship and assist in the restructuring of Algeria's forces. This rebalancing of the small U.S. aid program in Algeria reflects a broadening of the overall bilateral relationship and efforts to ensure U.S. ability to leverage significant opportunities to further Algeria's reform agenda as well as possible synergies in the shared fight against terrorism.

**BAHRAIN**  
Sustaining Partnership

**Obstacles and Opportunities for Advancing Transformational Diplomacy**

Bahrain has no strategic oil reserves, a population of 420,000, and the lowest GDP of any Gulf Cooperation Council (GCC) country. As Bahrain is making the transition to a post-oil economy by implementing economic reforms in the context of the U.S.-Bahrain Free Trade Agreement (FTA), U.S support for Bahrain's military and counterterrorism efforts will be important. A small country in a turbulent, strategically vital region, Bahrain is unable to provide for its own defense, and relies on U.S. military support. The increasingly aggressive and destabilizing foreign policies of neighboring Iran have sharpened the security challenges faced by Bahrain, and underscore the need to enhance our bilateral security cooperation. U.S. assistance also bolsters Bahrain's counterterrorism efforts and encourages the government's significant ongoing political and economic reforms.

**Resources to Help Advance Transformational Diplomacy**

**Request by Objective**

(\$ in thousands)	2006 Actual	2007 Estimate	2008 Request
Peace & Security	19,005	*	6,200
Governing Justly & Democratically	0	*	1,100
<b>Total</b>	<b>19,005</b>	<b>*</b>	<b>7,300</b>

**Request by Account**

(\$ in thousands)	2006 Actual	2007 Estimate	2008 Request
Economic Support Fund	0	*	1,100
Foreign Military Financing	15,593	*	4,300
International Military Education & Training	651	*	650
Nonproliferation, Antiterrorism & Demining	2,761	*	1,250
<b>Total</b>	<b>19,005</b>	<b>*</b>	<b>7,300</b>

**Peace & Security (\$6.2 million):** Working with Bahrain to maintain regional peace and security in the face of Iran's threat is a critical U.S. foreign policy goal. Toward this end, funding will help build Bahraini defensive capacities to counter and deter regional threats; maintain and upgrade U.S.-origin weapons systems, further develop a truly integrated air defense network and expand maritime interdiction operations; enhance interoperability with U.S. forces, promote military professionalism and respect for human rights, and reinforce the importance of a strong, cooperative political/military relationship between American and Bahraini military officers. These goals also underlie the Gulf Security Dialogue. Bahrain faces a significant threat from indigenous extremists as well as from al-Qa'ida terrorists operating in the region. An attack in Bahrain would be a catastrophic setback for the government's goal of attracting direct foreign investment for its post-oil economy. U.S. funding for counterterrorism programs will support the development of a border entry security program and training Bahraini law enforcement personnel to enhance their counterterrorism capabilities.

**Governing Justly and Democratically (\$1.1 million):** Funding will encourage key reform objectives, such as building the institution of an independent judiciary and strengthening legislative functions and processes.

### Request by Element

(\$ in Thousands)	2006 Actual	2007 Estimate	2008 Request
<b>TOTAL</b>	19,005	*	7,300
Peace & Security	19,005	*	6,200
Counter-Terrorism	0	*	1,250
Deny Terrorist Sponsorship, Support and Sanctuary	0	*	500
Governments' Capabilities	0	*	750
Stabilization Operations and Security Sector Reform	19,005	*	4,950
Defense, Military, and Border Restructuring, Reform and Operations	19,005	*	4,950
Governing Justly & Democratically	0	*	1,100
Rule of Law and Human Rights	0	*	300
Human Rights	0	*	300
Good Governance	0	*	300
Legislative Function and Processes	0	*	300
Political Competition and Consensus-Building	0	*	500
Political Parties	0	*	500

### Statement of Changes

Funding for Bahrain has decreased significantly from FY 2006 levels by account, particularly in the NADR and FMF accounts, reflecting a shift in emphasis to good governance, political reform and strengthening civil society.

**EGYPT**  
Developing

**Obstacles and Opportunities for Advancing Transformational Diplomacy**

Egypt is a powerful force for peace and stability in the Middle East. It is a vital U.S. partner in the search for Middle East peace, in efforts to transform Afghanistan and Iraq and in the global war on terror. U.S. assistance to Egypt has long played - and continues to play - a central role in Egypt's economic, social and military transformation. Egypt has committed to a significant economic reform process that promises to bind our two nations together more closely through trade and investment. Egyptian citizens are also demanding democratic reforms to expand the scope of civil liberties, to introduce transparency and accountability in government and to foster more democratic institutions.

U.S. foreign policy priorities in Egypt are to remain engaged with the Government of Egypt (GOE) in promoting political and economic reforms, while nurturing continuing cooperation in the war on terrorism and GOE support for U.S. regional policies. The U.S. Government supports the enactment of the political reforms outlined by President Mubarak during the 2005 Presidential campaign, namely: replacement of the emergency law with a modern counterterrorism law; revision and modernization of the law governing the judiciary; revision of the media law to expand press freedom; new legislation to strengthen local councils; revision of the penal code to narrow the power of authorities to hold people without charge; and parliamentary input on broader constitutional reform. The United States also supports Prime Minister Nazif's economic reform package and remains committed to the goal of a bilateral Free Trade Agreement with Egypt.

**Resources to Help Advance Transformational Diplomacy**

**Request by Objective**

(\$ in thousands)	2006 Actual	2007 Estimate	2008 Request
Peace & Security	1,290,537	*	1,305,870
Governing Justly & Democratically	50,000	*	50,000
Investing in People	178,130	*	232,028
Economic Growth	260,620	*	132,972
<b>Total</b>	<b>1,779,287</b>	<b>*</b>	<b>1,720,870</b>

**Request by Account**

(\$ in thousands)	2006 Actual	2007 Estimate	2008 Request
Economic Support Fund	490,050	*	415,000
Foreign Military Financing	1,287,000	*	1,300,000
International Military Education & Training	1,208	*	1,300
International Narcotics Control and Law Enforcement	0	*	3,000
Nonproliferation, Antiterrorism & Demining	1,029	*	1,570
<b>Total</b>	<b>1,779,287</b>	<b>*</b>	<b>1,720,870</b>

**Peace and Security (\$1.3 billion):** The U.S. receives a range of strategic benefits from security assistance to Egypt, particularly in Afghanistan, Iraq and in the pursuit of Middle East peace. U.S. assistance has helped facilitate peace between Israel and Egypt, curbing tensions in a

historically volatile region and providing a model for other Arab states. U.S. military assistance has also helped cement Egypt as a strong coalition partner. The Foreign Military Financing (FMF) program is the backbone of Egypt's military procurement budget, which is chiefly used to sustain U.S. equipment. International Military Education and Training (IMET) funding provides technical development and training for the Egyptian military, enhances professionalism, and builds mutual understanding between the United States and Egypt. The U.S. Government requests new International Narcotics Control and Law Enforcement (INCLE) funding in FY 2008 to increase law enforcement's ability to launch critically needed police training on human rights and effective community policing practices as well as to address shortcomings in the prevention of trafficking in persons. Finally, security assistance helps Egypt participate in numerous peacekeeping operations, including Sudan, Liberia, East Timor, Pakistan, and Afghanistan. Security assistance also helps Egypt participate in regional military exercises such as Bright Star - America's largest military exercise.

**Governing Justly and Democratically (\$50.0 million):** U.S. assistance supports the reform initiatives outlined by President Mubarak during the presidential campaign of 2005, which are now underway in the Egyptian Parliament and other institutions. Particular attention is paid to improving the Egyptian judicial system. At the same time, U.S. assistance also supports the efforts of non-governmental organizations to increase public participation in governance, promote human rights, improve government accountability and bolster grassroots engagement for democratic and political reform. At the local level, the U.S. Government will continue to assist grassroots organizations that work to link citizens with the government and increase transparency and accountability of local government.

In addition to assistance programs, the U.S. Government works to build an understanding of and respect for U.S. policies and values by expanding public outreach in Egypt through a public diplomacy strategy that includes expanding cultural exchange programs, increasing outreach travel of the Ambassador and Mission personnel, expanding English ACCESS Micro scholarships, supporting private people-to-people initiatives and publicizing U.S. assistance.

**Investing in People (\$232.0 million):** The United States and Egypt have worked together to improve power, telecommunications, and water services which have benefited almost half the population. Funding in FY 2008 will ensure that the capacity of the health sector can sustain these remarkable gains through increased efficiency and management improvements. Areas requiring additional technical and management expertise will be strengthened, including those in Avian Influenza and the prevention and control of Hepatitis C. Hospitals and clinics will be renovated so health service providers can continue to provide high-quality health and family planning services for women, children, and couples. The U.S. Government's education assistance is helping to change the Egyptian educational system from one that rewards memorization and passive knowledge to one that promotes critical thinking and problem-solving skills. Funding in FY 2008 will continue to support Egypt's drive towards sustained school-based reform as part of its basic education program and provide opportunities for academic and technical training in U.S. post-secondary institutions. For basic education, U.S. assistance will finance teacher and administrator training, information technology, school construction, girls' scholarships, adult literacy, training for school board of trustees, and management information systems. For post-secondary education, U.S. assistance will finance a community college scholarship program as well as some at the masters' degree level. Finally, education and health will be the subject of future balance of payments assistance under negotiation now, modeled on the financial sector cash transfer program.

**Economic Growth (\$132.9 million):** U.S. assistance supports Egypt's transition to a market-oriented, private-sector led economy to attract foreign investment and generate more productive jobs. Recent U.S. assistance directly supported significant private-sector led growth in liberalized sectors such as agriculture, telecommunications, and insurance. U.S. assistance also played a prominent role in the GOE's ongoing efforts to improve customs administration, tax administration, and intellectual property protection, as well as improving Egyptian participation in World Trade Organization processes. Privatization of the Bank of Alexandria and other measures resulted in a \$275 million disbursement under the Financial Sector Memorandum of Understanding between the U.S. and Egypt in January 2007. Other U.S. technical and financial assistance for the financial sector supports creation of a mortgage market, a health insurance sector, and continued rapid growth of microfinance, particularly for women's enterprises in the poorest segments of Egypt's economy. Trade capacity building includes a major initiative with the Egyptian Customs Authority as well as modernization of the inspection system for traded goods. The U.S. Government partners with the GOE in reforming commercial law and implementing these reforms through legal and judicial education. Private sector development will be the subject of future balance of payments assistance under negotiation now, modeled on the financial sector cash transfer.

### Request by Element

(\$ in Thousands)	2006 Actual	2007 Estimate	2008 Request
<b>TOTAL</b>	1,779,287	*	1,720,870
Peace & Security	1,290,537	*	1,305,870
Counter-Terrorism	750	*	1,070
Deny Terrorist Sponsorship, Support and Sanctuary	500	*	700
Governments' Capabilities	250	*	370
Combating Weapons of Mass Destruction (WMD)	279	*	500
Counter WMD Proliferation and Combat WMD Terrorism	279	*	500
Stabilization Operations and Security Sector Reform	1,289,508	*	1,304,300
Operations Support	100,000	*	100,000
Defense, Military, and Border Restructuring, Reform and Operations	1,188,208	*	1,201,300
Law Enforcement Restructuring, Reform and Operations	1,300	*	3,000
Governing Justly & Democratically	50,000	*	50,000
Rule of Law and Human Rights	15,973	*	16,950
Justice System	11,700	*	11,700
Human Rights	4,023	*	5,000
Program Support (Rule of Law)	250	*	250
Good Governance	4,250	*	11,250
Local Government and Decentralization	4,000	*	5,000
Anti-Corruption Reforms	0	*	6,000
Program Support (Governance)	250	*	250
Civil Society	29,777	*	21,800
Civic Participation	25,127	*	18,550
Media Freedom and Freedom of Information	4,400	*	3,000
Program Support (Civil Society)	250	*	250
Investing in People	178,130	*	232,028
Health	52,607	*	73,104
HIV/AIDS	2,378	*	0
Avian Influenza	1,202	*	0
Other Public Health Threats	27,873	*	55,786



(\$ in Thousands)	2006 Actual	2007 Estimate	2008 Request
Maternal and Child Health	14,409	*	9,768
Family Planning and Reproductive Health	6,745	*	7,550
Education	125,523	*	158,924
Basic Education	54,408	*	116,429
Higher Education	71,115	*	42,495
Economic Growth	260,620	*	132,972
Macroeconomic Foundation for Growth	27,873	*	56,736
Fiscal policy	13,937	*	55,736
Monetary policy	13,936	*	1,000
Trade and Investment	13,937	*	32,868
Trade and Investment Enabling Environment	13,937	*	32,868
Financial Sector	195,050	*	4,000
Financial Sector Enabling Environment	146,250	*	2,000
Financial Services	48,750	*	2,000
Program Support (Financial Sector)	50	*	0
Infrastructure	2,823	*	0
Communications Services	2,823	*	0
Agriculture	0	*	3,500
Agricultural Sector Productivity	0	*	3,000
Program Support (Agriculture)	0	*	500
Private Sector Competitiveness	16,937	*	34,868
Business Enabling Environment	13,937	*	32,868
Private Sector Productivity	3,000	*	2,000
Environment	4,000	*	1,000
Natural Resources and Biodiversity	4,000	*	1,000

### Statement of Changes

ESF funding for Egypt in FY 2008 will decrease by \$80 million from the FY 2006 level, in accordance with the 10 year glidepath agreement reached between the U.S. Government and the GOE in 1998, whereby Egypt's assistance is reduced by \$40 million annually. Among program areas, there has been a \$54 million increase in Investing in People and a \$127 million decrease in Economic Growth. These funding shifts reflect the maturing relationship with the Government of Egypt to be embodied in a new cash transfer program which supports policy reforms.

The INCLE funding request is new. In FY 2006 the Policing Reform Project, which supported management modernization and improved policing approaches of the Egyptian National Police, was funded by an ESF transfer to INL. INCLE funding in FY 2008 will build on that work with a new focus on human rights and community policing. It will also help Egypt address shortcomings in preventing trafficking in persons.

## IRAN

### **Obstacles and Opportunities for Advancing Transformational Diplomacy**

Iran's pursuit of a nuclear weapons capability, support for terrorism, destabilizing activities in neighboring states, and abysmal human rights record can ultimately be addressed only if the Iranian regime makes a strategic decision to alter its behavior. The United States has joined with its European allies, Russia, China, and other partners to pressure Iran to meet its international obligations and provide objective proof and guarantees that its nuclear program is only for peaceful purposes. But even with a diverse set of tools and solid multilateral engagement, addressing the Iranian challenge successfully will require patience and persistence. Our multi-faceted diplomatic efforts must be sustained if a confrontation between the international community and the Iranian regime is to be avoided.

Recognizing that our differences with Iran lie with the illicit behavior and dangerous ambitions of the regime -- not the legitimate aspirations and interests of the Iranian people -- our strategy is to counter the threats posed by the government of Iran while expanding our engagement and outreach to the Iranian people. A variety of democracy-related programs will promote free and open participation in the political process and greater access to unbiased information, increased respect for basic human rights, and provide training on organizational development, communication techniques, and civic advocacy. These programs support respect for freedom of association and speech, and more open and free participation in the political process.

### **Resources to Help Advance Transformational Diplomacy**

#### **Request by Objective**

(\$ in thousands)	2006 Actual	2007 Estimate	2008 Request
Governing Justly & Democratically	0	*	75,000
<b>Total</b>	<b>0</b>	<b>*</b>	<b>75,000</b>

#### **Request by Account**

(\$ in thousands)	2006 Actual	2007 Estimate	2008 Request
Economic Support Fund	0	*	75,000
<b>Total</b>	<b>0</b>	<b>*</b>	<b>75,000</b>

**Governing Justly and Democratically (\$75 million):** The U.S. will encourage the development of Iranian civil society, supporting efforts to expand citizen participation in the political process, to increase freedom of speech and protect the right of freedom of assembly. In addition to addressing Iranian civil society networks and political activists, this program will support human rights defenders, labor activists, women, students, religious and ethnic minorities, rule of law, and justice programs.

FY 2008 funding is requested to support the development of new independent media efforts to provide unbiased forms of information to the Iranian people, including the development of Persian broadcast materials on subjects such as women's rights, democracy, human rights, and corruption.

### Request by Element

(\$ in Thousands)	2006 Actual	2007 Estimate	2008 Request
<b>TOTAL</b>	0	*	75,000
Governing Justly & Democratically	0	*	75,000
Civil Society	0	*	75,000
Civic Participation	0	*	50,000
Media Freedom and Freedom of Information	0	*	25,000

### Statement of Changes

Activities directed toward Iran were previously funded through the Middle East Partnership Initiative and the Human Rights and Democracy Fund. These activities are now identified as part of the request for Iran, consistent with the principle of allocating funds intended for country programs to country budgets. The Administration will seek any attendant legislative authorities required by this change.

**IRAQ**  
Rebuilding

**Obstacles and Opportunities for Advancing Transformational Diplomacy**

In the FY 2006 Supplemental and FY 2007 budget request, the Administration clearly spelled out our strategy to shift from reconstruction programs, supported under the Iraq Relief and Reconstruction Fund (IRRF), to programs to increase Iraq's capacity to manage its own affairs. It also stressed the need to support military operations with short-term economic and political programs to stabilize communities, while also engaging Iraq on the longer term economic and political reforms necessary to complete its transition. The major obstacles to Iraq's advancement remain the continuing violence by brutal extremists and the difficulties the Government of Iraq has had in completing its political reconciliation process. While Iraq has increasing budgetary resources, it faces significant obstacles in the form of inadequate capacity to design and execute its budgets. To address these obstacles, the President outlined the New Way Forward in Iraq on January 10, 2007. The following day, Secretary Rice noted that success in Iraq is not just a point of "Iraqi resolve" but also of "Iraqi capability." Foreign assistance is designed to build this capability and to support Iraq's transition to self-reliance. This assistance is a critical component of the President's Iraq strategy.

Foreign assistance is a critical element of the strategy to reduce violence in Baghdad and strategic Iraqi cities. Foreign assistance will support a range of democracy and rule of law programs, which will strengthen the political process and offer an increasingly attractive alternative to pursuing political aims by violence. Foreign assistance will also provide Iraq the technical assistance it needs to enact economic reforms required to support business formation and job generation, which will also help reduce the climate of violence and intolerance. Reducing violence will help enable national reconciliation, marginalize extremists, and promote moderate, non-sectarian politics in Iraq.

At the national level, foreign assistance will help Iraq develop the administrative capacity in its ministries and the economic reforms necessary to govern in an effective and transparent manner. At the provincial level, we will continue to help local Iraqi government more effectively meet the needs of citizens through job creation and community-identified projects. Provincial Reconstruction Teams (PRTs) will continue to play a leading role in coordinating an array of U.S. programs in the provinces with the local Iraqi Provincial Reconstruction Development Councils.

The FY 2008 funding continues to address the three tracks of the President's National Strategy for Victory in Iraq -- security, political and economic -- complementing anticipated Department of Defense efforts.

Iraq received \$1.6 billion in foreign assistance funds under a FY 2006 supplemental. The FY 2007 Supplemental request in foreign assistance funding for Iraq is \$2.3 billion. Foreign assistance funds of \$966 million have been requested under the FY 2008 Emergency Request. Information on these requests is contained in the corresponding section of this document.

**Resources to Help Advance Transformational Diplomacy**

**Request by Objective**

(\$ in thousands)	2006 Actual	2007 Estimate	2008 Request
Peace & Security	0	*	85,980
Governing Justly & Democratically	55,440	*	171,820

(\$ in thousands)	2006 Actual	2007 Estimate	2008 Request
Investing in People	0	*	25,000
Economic Growth	0	*	109,000
<b>Total</b>	<b>55,440</b>	*	<b>391,800</b>

### Request by Account

(\$ in thousands)	2006 Actual	2007 Estimate	2008 Request
Economic Support Fund	55,440	*	298,000
International Military Education & Training	0	*	2,000
International Narcotics Control and Law Enforcement	0	*	75,800
Nonproliferation, Antiterrorism & Demining	0	*	16,000
<b>Total</b>	<b>55,440</b>	*	<b>391,800</b>

**Peace and Security (\$85.9 million):** As Iraq faces the challenges of moving from reconstruction and security to long-term economic and political reforms, the need to foster peace and stability takes on an ever more pivotal role. Efforts will continue to overcome sectarian and religious divisions. Funding will maintain demining activities, building Iraqi capacity to implement this critical activity. Support will continue for the WMD scientist redirection program in Iraq as well as the development of antiterrorism capabilities. Funding will increase the Iraqi military's awareness of international human rights norms, fostering respect for the principle of civilian control of the military and the rule of law, and providing Iraqi military officers with necessary technical skills.

**Governing Justly and Democratically (\$171.8 million):** The focus of the funds will expand from building the capacity of Iraq's institutions and civil society to advancing more stable, moderate political processes. Funding will make major contributions to encourage the political arena as a forum for reconciliation, and to empower Iraqi citizens to engage with their government. In addition, requested funds will provide support for continued constitutional development to ensure Iraqis - especially women - are able to make maximum use of the protections and rights outlined in the Constitution. Ministry capacity-building efforts will continue to train officials, increase transparency, and build core public sector functions, including effective public budgeting, financial management, and procurement. Funding will also ensure that the former regime is held accountable for its crimes. Finally, assistance will help the Iraqis develop the institutional and societal frameworks on which the rule of law rests while also addressing more immediate problems that impede the effective functioning of the justice system.

**Investing in People (\$25 million):** Funds will strengthen higher education, developing the next generation of professionals required to carry forward Iraq's political and economic reforms. At the provincial level, significant investments will be made on a needs basis across a variety of sectors, (health, water, education), as PRTs work with local communities in identifying and implementing community projects.

**Economic Growth (\$109 million):** This funding seeks to strengthen the emerging growth in the Iraqi private sector by broadening economic opportunity in the provincial areas, building future capacity, and supporting targeted initiatives. The funding will enable both near-term efforts, such as micro-financing, and longer-term reforms essential to develop Iraq's private sector. This funding also provides increased emphasis on Iraq's agricultural sector, given this sector's strategic role as a major employer.

## Request by Element

(\$ in Thousands)	2006 Actual	2007 Estimate	2008 Request
<b>TOTAL</b>	55,440	*	391,800
Peace & Security	0	*	85,980
Counter-Terrorism	0	*	2,100
Deny Terrorist Sponsorship, Support and Sanctuary	0	*	2,100
Combating Weapons of Mass Destruction (WMD)	0	*	1,000
Counter WMD Proliferation and Combat WMD Terrorism	0	*	1,000
Stabilization Operations and Security Sector Reform	0	*	78,880
Operations Support	0	*	60,000
Explosive Remnants of War (ERW)	0	*	12,900
Defense, Military, and Border Restructuring, Reform and Operations	0	*	2,000
Law Enforcement Restructuring, Reform and Operations	0	*	3,980
Conflict Mitigation and Reconciliation	0	*	4,000
Peace and Reconciliation Processes	0	*	4,000
Governing Justly & Democratically	55,440	*	171,820
Rule of Law and Human Rights	0	*	67,820
Justice System	0	*	52,820
Human Rights	0	*	5,000
Program Support (Rule of Law)	0	*	10,000
Good Governance	18,000	*	84,000
Legislative Function and Processes	18,000	*	19,000
Public Sector Executive Function	0	*	25,000
Local Government and Decentralization	0	*	31,000
Anti-Corruption Reforms	0	*	9,000
Political Competition and Consensus-Building	18,500	*	8,000
Elections and Political Processes	18,500	*	2,000
Political Parties	0	*	6,000
Civil Society	18,940	*	12,000
Civic Participation	18,940	*	12,000
Investing in People	0	*	25,000
Health	0	*	3,000
Water Supply and Sanitation	0	*	3,000
Education	0	*	22,000
Higher Education	0	*	22,000
Economic Growth	0	*	109,000
Macroeconomic Foundation for Growth	0	*	7,000
Fiscal policy	0	*	7,000
Trade and Investment	0	*	7,000
Trade and Investment Enabling Environment	0	*	7,000
Infrastructure	0	*	3,000
Modern Energy Services	0	*	3,000
Agriculture	0	*	50,000
Agricultural Enabling Environment	0	*	25,000
Agricultural Sector Productivity	0	*	25,000
Private Sector Competitiveness	0	*	22,000
Business Enabling Environment	0	*	7,000
Workforce Development	0	*	15,000
Economic Opportunity	0	*	20,000
Inclusive Financial Markets	0	*	20,000

### **Statement of Changes**

The FY08 funding request represents an increase from the FY06 enacted level of \$61 million. During FY06, \$5 billion of the \$18.4 billion Iraq Relief and Reconstruction Fund II was disbursed.

**ISRAEL**  
Sustaining Partnership

**Obstacles and Opportunities for Advancing Transformational Diplomacy**

Israel is a parliamentary democracy. Its governmental system is based on several basic laws enacted by its unicameral parliament, the Knesset. The country has a diversified, technologically advanced economy with substantial but decreasing government ownership and a strong high-tech sector.

Commitment to Israel's security and well-being has been a cornerstone of U.S. policy in the Middle East since Israel's creation in 1948. Continuing U.S. assistance to Israel acknowledges these ties and signals U.S. commitment. The broad issues of Arab-Israeli peace have been a major focus of the U.S.-Israeli relationship. U.S. efforts to reach a Middle East peace settlement based on UN Security Council Resolutions 242 and 338 have been based on the premise that as Israel takes calculated risks for peace, the United States will help minimize those risks.

The President remains committed to the Roadmap as the best way to move forward towards the realization of a two-state solution in which Israel and a viable, independent Palestinian state will live side-by-side in peace and security.

**Resources to Help Advance Transformational Diplomacy**

**Request by Objective**

(\$ in thousands)	2006 Actual	2007 Estimate	2008 Request
Peace & Security	2,257,726	*	2,400,500
Economic Growth	237,600	*	0
<b>Total</b>	<b>2,495,326</b>	*	<b>2,400,500</b>

**Request by Account**

(\$ in thousands)	2006 Actual	2007 Estimate	2008 Request
Economic Support Fund	237,600	*	0
Foreign Military Financing	2,257,200	*	2,400,000
International Narcotics Control and Law Enforcement	0	*	500
Nonproliferation, Antiterrorism & Demining	526	*	0
<b>Total</b>	<b>2,495,326</b>	*	<b>2,400,500</b>

**Peace and Security (\$2.4 billion):** Israel is a critical player in our regional efforts to maintain security and stability. Helping Israel maintain its qualitative military advantage enhances security by preventing regional conflict and builds the confidence necessary for Israel to take calculated risks for peace. The annual Foreign Military Financing (FMF) that Israel receives constitutes an important part of U.S. support for these objectives. The FY 2006 FMF for Israel is \$2.257 billion and is crucial to Israel's multi-year defense modernization plan. By 2008, FMF will plateau at \$2.4 billion.

The 2006 Trafficking in Persons Report ranked Israel a Tier 2 Watch List country. Therefore, foreign assistance is needed to help draft legislation, train law enforcement, and encourage governments to develop or expand comprehensive assistance to victims.



### Request by Element

(\$ in Thousands)	2006 Actual	2007 Estimate	2008 Request
<b>TOTAL</b>	2,495,326	*	2,400,500
Peace & Security	2,257,726	*	2,400,500
Counter-Terrorism	526	*	0
Program Support (Counter-Terrorism)	526	*	0
Stabilization Operations and Security Sector Reform	2,257,200	*	2,400,000
Defense, Military, and Border Restructuring, Reform and Operations	2,257,200	*	2,400,000
Transnational Crime	0	*	500
Trafficking-in-Persons and Migrant Smuggling	0	*	500
Economic Growth	237,600	*	0
Trade and Investment	237,600	*	0
Trade and Investment Enabling Environment	237,600	*	0

### Statement of Changes

In FY 2006 Israel received \$240 million, less the one-percent rescission. Since FY 1999, per a U.S.-Government of Israel agreement, Congress has reduced ESF to Israel by \$120 million per year while increasing FMF by \$60 million per year (figures pre-rescission). By FY 2008, ESF will be eliminated. Additionally, no NADR funds have been requested in FY 2008 as the Israelis have completed all offered counterterrorism programs.

**JORDAN**  
Developing

**Obstacles and Opportunities for Advancing Transformational Diplomacy**

Strategically located by virtue of its common borders with Iraq, Syria, the West Bank, Israel and Saudi Arabia, Jordan is a key partner for the United States in the Middle East. U.S. political and economic ties with Jordan have never been stronger. The Government of Jordan (GOJ) provides substantial support for shared goals: 1) build a unified, stable, prosperous Iraq; 2) achieve a two-state solution to the Israeli-Palestinian conflict; 3) combat terrorism and extremist ideology; and 4) advance political, economic and social reform in the Middle East.

King Abdullah II was largely successful in forging a consensus among the country's elite in support of continued economic and political reform, and enhanced security in the wake of the November 2005 Amman bombings. U.S. assistance will continue to support GOJ political and economic reforms.

Jordan's GDP growth in 2006 exceeded 6 percent for the third year running, in large part because of ongoing economic liberalization as well as capital inflows from the Gulf and from Iraqi expatriates. Questions of income disparity remain; unemployment and poverty persist in the 15 percent range. Despite this, the government weathered popular unhappiness and continued to cut fuel subsidies, which had seriously depleted the public treasury. Once the final cut is made, which is scheduled for early 2007, the subsidies will be eliminated.

Given the instability in Iraq and in the Palestinian territories, the GOJ understandably remains focused on security considerations, while continuing with its reform efforts. U.S. assistance plays a key role in Jordan's strategy for security and reform.

**Resources to Help Advance Transformational Diplomacy**

**Request by Objective**

(\$ in thousands)	2006 Actual	2007 Estimate	2008 Request
Peace & Security	213,411	*	229,622
Governing Justly & Democratically	15,000	*	27,030
Investing in People	48,000	*	92,500
Economic Growth	184,500	*	164,067
<b>Total</b>	<b>460,911</b>	<b>*</b>	<b>513,219</b>

**Request by Account**

(\$ in thousands)	2006 Actual	2007 Estimate	2008 Request
Child Survival and Health	0	*	21,350
Economic Support Fund	247,500	*	263,547
Foreign Military Financing	207,900	*	200,000
International Military Education & Training	3,020	*	3,067
International Narcotics Control and Law Enforcement	0	*	1,500
Nonproliferation, Antiterrorism & Demining	2,491	*	23,755
<b>Total</b>	<b>460,911</b>	<b>*</b>	<b>513,219</b>
Peace Corps	1516	*	1588

**Peace and Security (\$229.6 million):** Jordan remains a strong, responsible and responsive partner in the Global War on Terror. U.S. assistance to Jordan addresses a broad array of issues including counterterrorism, border security, counter-proliferation, promoting stability in Iraq, advancing Israeli-Palestinian talks, and supporting democracy and stability in Lebanon. Jordan plays an important role in efforts to bolster Palestinian President Abbas. The U.S. Government provides key training and equipment that enhance Jordanian capability to strengthen security and stability at home and in the region.

Specifically, U.S. programs strengthen Jordan's counterterrorism and border security capabilities. U.S. funds also support the modernization, readiness, and enhanced interoperability of the Jordanian Armed Forces (JAF). Other U.S. assistance aims to improve the professionalism of the JAF and to reinforce among the Jordanian officer corps the importance of a strong, cooperative political/military relationship with the United States. The JAF currently supports U.S. efforts throughout the region by training local forces (Iraq, Lebanon, Afghanistan), and providing logistical support upon request. This robust military assistance program pays invaluable dividends in the form of interoperability, access, coordination, and mutual understanding.

Jordan provides a primary avenue for shipments of U.S. military equipment, supplies and personnel destined for Iraq. The country has hosted training for Iraqi military and police cadets. The GOJ has led regional outreach efforts to Iraqi Sunnis, remains a major proponent of a national unity government in Iraq and continues to advocate a message of tolerance and moderation in Islam.

**Governing Justly and Democratically (\$27.0 million):** The King and GOJ are committed to political reform, with the vision of transforming Jordan's tribally based politics into a modern political system with large, issue-based parties. The primary objectives of U.S. assistance are to support the GOJ's ambitious reform plan through targeted programming. The U.S. Government works closely with the GOJ and local implementers on programs to empower civil society, empower women, promote political party development, strengthen the technical capacity of local and national government, the judiciary and the press, and provide technical assistance for municipal elections expected in mid 2007 and parliamentary elections planned for late 2007.

**Investing in People (\$93.5 million):** With no oil and few natural resources, Jordan is focused on developing a knowledge-based economy. The GOJ invests more than 25% of GDP in education, health, pensions, and welfare. U.S. programming supports Jordanian efforts to improve education, build schools, train teachers and help students transition from the classroom to the workplace. A program to introduce technology into schools is a key component of that effort. U.S. assistance also strives to improve access to and quality of healthcare, particularly for mothers and infants. A significant water program helps the GOJ to deliver clean water to more people which also contributes to an improved standard of living.

**Economic Growth (\$164.1 million):** Jordan's greatest challenges are poverty and unemployment. These twin economic challenges threaten Jordan's stability and economic growth and constrain the government's ability to advance important political and economic reforms. A major component of the U.S. program in Jordan aims to complement GOJ efforts to create jobs, promote economic growth and advance structural reforms. Structural reforms include greater transparency in the budget process, a more effective system of taxation and improved management of scarce water resources. Approximately 45 percent of Jordan's ESF allotment each year goes towards a cash transfer to the GOJ for budgetary support.

Jordan and the United States have a Free Trade Agreement (FTA); Jordan benefits from Qualifying Industrial Zones that have increased exports to the United States to more than \$1 billion annually - roughly 10 percent of GDP. U.S. assistance to expand economic opportunities builds on economic reforms by striving for a more transparent, efficient, and responsive public sector, more effective legal and regulatory reforms, and greater private sector growth, especially in terms of capitalizing on the bilateral FTA.

### Request by Element

(\$ in Thousands)	2006	2007	2008
	Actual	Estimate	Request
<b>TOTAL</b>	460,911	*	513,219
Peace & Security	213,411	*	229,622
Counter-Terrorism	2,491	*	22,755
Deny Terrorist Sponsorship, Support and Sanctuary	491	*	400
Governments' Capabilities	2,000	*	22,355
Combating Weapons of Mass Destruction (WMD)	0	*	1,000
Counter WMD Proliferation and Combat WMD Terrorism	0	*	1,000
Stabilization Operations and Security Sector Reform	210,920	*	204,567
Operations Support	107,900	*	100,000
Defense, Military, and Border Restructuring, Reform and Operations	103,020	*	104,567
Transnational Crime	0	*	1,300
Financial Crimes and Money Laundering	0	*	1,300
Governing Justly & Democratically	15,000	*	27,030
Rule of Law and Human Rights	2,200	*	4,500
Judicial Independence	200	*	1,000
Justice System	2,000	*	2,000
Human Rights	0	*	1,500
Good Governance	3,600	*	13,530
Legislative Function and Processes	3,600	*	1,500
Public Sector Executive Function	0	*	9,050
Local Government and Decentralization	0	*	1,480
Anti-Corruption Reforms	0	*	1,500
Political Competition and Consensus-Building	4,200	*	3,000
Elections and Political Processes	4,200	*	0
Political Parties	0	*	3,000
Civil Society	5,000	*	6,000
Civic Participation	5,000	*	4,000
Media Freedom and Freedom of Information	0	*	2,000
Investing in People	48,000	*	92,500
Health	36,000	*	43,000
HIV/AIDS	950	*	500
Maternal and Child Health	9,630	*	6,500
Family Planning and Reproductive Health	6,420	*	7,000
Water Supply and Sanitation	19,000	*	29,000
Education	12,000	*	49,500
Basic Education	12,000	*	49,000
Higher Education	0	*	500
Economic Growth	184,500	*	164,067
Macroeconomic Foundation for Growth	137,500	*	97,770
Fiscal policy	4,000	*	2,700
Monetary policy	133,500	*	95,000

(\$ in Thousands)	2006 Actual	2007 Estimate	2008 Request
Program Support (Macro Econ)	0	*	70
Trade and Investment	0	*	7,086
Trade and Investment Enabling Environment	0	*	4,406
Trade and Investment Capacity	0	*	2,300
Program Support (Trade)	0	*	380
Financial Sector	0	*	2,370
Financial Sector Enabling Environment	0	*	1,000
Financial Services	0	*	1,200
Program Support (Financial Sector)	0	*	170
Infrastructure	3,000	*	1,000
Communications Services	3,000	*	1,000
Agriculture	6,000	*	6,500
Agricultural Enabling Environment	0	*	200
Agricultural Sector Productivity	6,000	*	6,160
Program Support (Agriculture)	0	*	140
Private Sector Competitiveness	9,000	*	18,951
Business Enabling Environment	0	*	2,725
Private Sector Productivity	5,000	*	10,337
Workforce Development	4,000	*	5,592
Program Support (Private Sector)	0	*	297
Economic Opportunity	9,000	*	0
Inclusive Financial Markets	3,000	*	0
Policy Environment for Micro and Small Enterprises	4,000	*	0
Strengthen Microenterprise Productivity	2,000	*	0
Environment	20,000	*	30,390
Natural Resources and Biodiversity	6,000	*	6,600
Clean Productive Environment	14,000	*	22,590
Program Support (Environment)	0	*	1,200

### **Linkages with the Millennium Challenge Corporation (MCC)**

Jordan is an MCC Compact-eligible country and currently receives funds from a Threshold program. The \$25 million Threshold program focuses on local governments and customs reform, targeting improvements in selected MCC indicators. This assistance will be used to advance Jordan's progress toward a Compact. Jordan and the MCC are presently discussing the outlines of a Compact.

### **Statement of Changes**

This budget requests an increase in ESF funding for Peace and Security, Investing in People and Economic Growth in FY 2008. Among program elements, the request marks an increase in Governments' Capabilities, Public Sector Executive Function, Water Supply and Sanitation, Basic Education, and Clean Productive Environment. Conversely, the request decreases funding for Monetary Policy and Operations Support. These funding shifts are aimed at directing more resources toward priority program elements and enhancing the ability of Jordan to take on more responsibility for its reform agenda. The budget request also significantly increases NADR funding in light of the terrorism threat confronting Jordan.

**KUWAIT**  
Sustaining Partnership

**Obstacles and Opportunities for Advancing Transformational Diplomacy**

Kuwait provides indispensable support in terms of access to its facilities, resources, and land to support military operations in Iraq. It is anticipated that for the duration of coalition military presence in Iraq, the U.S. Mission in Kuwait will be intensively engaged in managing and facilitating day-to-day aspects of support for those activities with host government agencies. Maintaining that level of support and encouraging Kuwait to continue to act as an ally in building new regional security structures and deterring future threats in this strategic region will be a top priority over the next five years. Success in reaching this goal in FY 2008 will be achieved through U.S. military, education and training programs. Kuwait has provided extraordinary levels of assistance to support U.S. military operations and reconstruction programs in Iraq. The U.S. diplomatic effort will work closely with CENTCOM and the Government of Kuwait on a multi-year strategy that serves the mutual interests of the United States and Kuwait. To underscore its commitment to the U.S. security relationship, in 2004 the Government of Kuwait quickly constructed a new permanent U.S. military base, turning it over three years ahead of schedule.

**Resources to Help Advance Transformational Diplomacy**

**Request by Objective**

(\$ in thousands)	2006 Actual	2007 Estimate	2008 Request
Peace & Security	628	*	15
Governing Justly & Democratically	0	*	470
<b>Total</b>	<b>628</b>	<b>*</b>	<b>485</b>

**Request by Account**

(\$ in thousands)	2006 Actual	2007 Estimate	2008 Request
Economic Support Fund	0	*	470
International Military Education & Training	0	*	15
Nonproliferation, Antiterrorism & Demining	628	*	0
<b>Total</b>	<b>628</b>	<b>*</b>	<b>485</b>

**Peace and Security (\$15,000):** Funding will support Kuwait's continued participation in U.S. military, education and training programs, which further the goals of fighting terrorism, and maintaining regional peace and security in the face of Iran's threat.

**Governing Justly and Democratically (\$470,000):** U.S. assistance will support judicial system reform and enhance efforts to amend and strengthen Kuwaiti laws related to terrorism, especially those which prohibit financial support for terror activities, and conspiracy. Funding will also assist with improvements to Kuwait's electoral processes; and furthering human rights and democracy through the advancement of civil society.

### Request by Element

(\$ in Thousands)	2006 Actual	2007 Estimate	2008 Request
<b>TOTAL</b>	628	*	485
Peace & Security	628	*	15
Stabilization Operations and Security Sector Reform	628	*	15
Defense, Military, and Border Restructuring, Reform and Operations	628	*	15
Governing Justly & Democratically	0	*	470
Civil Society	0	*	470
Civic Participation	0	*	470

### Statement of Changes

Funding for Kuwait has increased from FY 2006 levels. Increased IMET and ESF funding will serve to further strengthen the bilateral security relationship with Kuwait based on bilateral cooperation on regional threats and the Gulf Security Dialogue.

**LEBANON**  
Rebuilding

**Obstacles and Opportunities for Advancing Transformational Diplomacy**

In 2005, widespread Lebanese and international outrage provoked by the February 14 assassination of former Prime Minister Rafiq Hariri transformed Lebanon's political landscape. The withdrawal of Syrian military forces, free and fair parliamentary elections, and the first truly indigenous government in nearly thirty years have nurtured the conditions conducive to transformational diplomacy and promotion of President Bush's Freedom Agenda.

Last summer's conflict between Israel and Hizbollah resulted in significant devastation, and the United States and the international community supported humanitarian and reconstruction efforts as well as provided support to ensure that United Nations Security Council Resolution 1701 could be fulfilled. Additional pressing post conflict needs to be addressed by the United States are identified in the FY 2007 supplemental request.

The United States' long-term goal remains a sovereign, stable, democratic, and economically viable Lebanon at peace with Israel and surrounding states. To that end, U.S. assistance to Lebanon is largely geared toward two parallel objectives: to counter or blunt the remaining Syrian interference in Lebanon and to help build the governance capacity and economic viability of the country. Restoring Lebanese sovereignty and democracy is consistent with America's global counter-terrorism goals and its regional goals, e.g. disarmament of Hizbollah to reduce transnational terrorism.

**Resources to Help Advance Transformational Diplomacy**

**Request by Objective**

(\$ in thousands)	2006 Actual	2007 Estimate	2008 Request
Peace & Security	7,443	*	17,676
Governing Justly & Democratically	6,500	*	10,000
Investing in People	8,325	*	6,500
Economic Growth	12,910	*	25,600
Humanitarian Assistance	14,146	*	0
<b>Total</b>	<b>49,324</b>	<b>*</b>	<b>59,776</b>

**Request by Account**

(\$ in thousands)	2006 Actual	2007 Estimate	2008 Request
Development Assistance	2,000	*	0
Economic Support Fund	39,600	*	42,100
Foreign Military Financing	3,713	*	9,600
International Military Education & Training	752	*	1,500
International Narcotics Control and Law Enforcement	0	*	1,800
Nonproliferation, Antiterrorism & Demining	2,978	*	4,776
Public Law 480 (Food Aid)	281**	*	0
<b>Total</b>	<b>49,324</b>	<b>*</b>	<b>59,776</b>

\*\*FY 2006 includes \$.281 million of P.L. 480 Title II emergency food aid. Emergency food aid has not been allocated to countries in FY 2008.



**Peace and Security (\$17.7 million):** Our efforts under the Peace and Security objective concentrate largely on countering the remaining residual Syrian interference in Lebanon, including through Hizbollah. With arms acquired in defiance of international law, Hizbollah maintains the ability to draw Lebanon into war with Israel without reference to Lebanon's cabinet or Parliament as demonstrated by Hizbollah's initiation of war with Israel in July/August 2006. As such, U.S. security assistance would promote Lebanese control over southern Lebanon and Palestinian refugee camps, to prevent them from being used as bases to attack Israel. The U.S. Government's active military-to-military programs enhance the professionalism of the Lebanese Armed Forces, reinforcing the concept of Lebanese civilian control. To foster peace and security, the U.S. intends to build upon welcome and unprecedented Lebanese calls to control the influx of weapons. Assistance will also build capacity for Lebanon's security and judicial authorities, including ongoing support to the United Nations investigation of Hariri's murder and the implementation of international terrorism conventions.

**Governing Justly and Democratically (\$10.0 million):** U.S. assistance will focus on reviving Lebanon's own political traditions in order to establish transparent, credible, and democratic governing institutions in Lebanon. As the Syrians had prevented effective self-governance for decades, capacity building activities and technical support are needed in a broad range of governmental and non-governmental institutions. A new, fair election law is essential to overcoming Lebanese public skepticism about the democratic process. The U.S. will continue to promote protection of human rights, including advancing the role of women. Lebanon's progress in these areas, while real, has so far been limited.

**Investing in People (\$6.5 million):** U.S. investments in the Lebanese people focus on assistance to educational institutions and civil society. Support for five American educational institutions and for sustainable linkages between Lebanese and American scholars and institutions strengthens the capacity of the Lebanese people to assume full responsibility for their sovereignty and creates a more favorable environment for bilateral cooperation. The U.S. is encouraging civil society groups to identify common interests as a means to reduce tensions. Assistance will also continue to provide social services for vulnerable populations through small grants to local NGOs and through programs that help survivors of landmines and their families.

**Economic Growth (\$25.6 million):** The U.S. goal is to promote a Lebanese-designed and implemented reform program that will revive Lebanon's economy, creating jobs and wealth. The U.S. will continue to help integrate Lebanon into the world economy, including through the long-stalled World Trade Organization accession process, better protection of intellectual property rights, and development of a more efficient information technology sector. These policies are designed to lead to increased trade and investment, as well as better protection of U.S. copyrights and patents. The U.S. is also creating economic opportunities, particularly in rural areas, and working to improve the effectiveness of the private sector, to strengthen Lebanon's political stability.

#### Request by Element

(\$ in Thousands)	2006 Actual	2007 Estimate	2008 Request
<b>TOTAL</b>	49,324	*	59,776
Peace & Security	7,443	*	17,676
Counter-Terrorism	0	*	3,776
Deny Terrorist Sponsorship, Support and Sanctuary	0	*	100
Governments' Capabilities	0	*	3,676

(\$ in Thousands)	2006 Actual	2007 Estimate	2008 Request
Stabilization Operations and Security Sector Reform	7,443	*	13,900
Explosive Remnants of War (ERW)	2,978	*	1,000
Defense, Military, and Border Restructuring, Reform and Operations	4,465	*	12,900
Governing Justly & Democratically	6,500	*	10,000
Rule of Law and Human Rights	0	*	3,000
Judicial Independence	0	*	3,000
Good Governance	6,500	*	5,800
Legislative Function and Processes	0	*	1,000
Local Government and Decentralization	6,000	*	2,500
Anti-Corruption Reforms	500	*	2,300
Political Competition and Consensus-Building	0	*	200
Political Parties	0	*	200
Civil Society	0	*	1,000
Civic Participation	0	*	1,000
Investing in People	8,325	*	6,500
Education	6,060	*	6,200
Basic Education	610	*	800
Higher Education	5,450	*	5,400
Social and Economic Services and Protection for Vulnerable Populations	2,265	*	300
Social Services	2,265	*	300
Economic Growth	12,910	*	25,600
Trade and Investment	510	*	2,000
Trade and Investment Enabling Environment	0	*	2,000
Trade and Investment Capacity	500	*	0
Program Support (Trade)	10	*	0
Agriculture	10,077	*	6,300
Agricultural Sector Productivity	10,057	*	6,300
Program Support (Agriculture)	20	*	0
Private Sector Competitiveness	1,101	*	5,300
Private Sector Productivity	750	*	5,000
Workforce Development	331	*	300
Program Support (Private Sector)	20	*	0
Economic Opportunity	1,222	*	2,000
Inclusive Financial Markets	450	*	0
Policy Environment for Micro and Small Enterprises	0	*	2,000
Strengthen Microenterprise Productivity	752	*	0
Program Support (Econ Opportunity)	20	*	0
Environment	0	*	10,000
Natural Resources and Biodiversity	0	*	2,000
Clean Productive Environment	0	*	8,000
Humanitarian Assistance	14,146	*	0
Protection, Assistance and Solutions	14,146	*	0
Crisis Assistance and Recovery	14,141	*	0
Program Support (Protection)	5	*	0

### Statement of Changes

U.S. assistance for Lebanon has increased between FY 2006 and FY 2008. In addition, the U.S. has made changes at the program element level aimed at strengthening the democratic institutions of Lebanon as the tools for carrying the country towards meaningful economic and social development.

## LIBYA

### Obstacles and Opportunities for Advancing Transformational Diplomacy

Libya has recently made great strides towards rejoining the community of nations after years of isolation. It has renounced weapons of mass destruction. It has changed course from a country fomenting international terrorism to an increasingly valuable partner against terrorism, settling the claims of many victims of its past acts. On May 15, 2006, President Bush certified to Congress that Libya had met the statutory requirements for rescission of its designation as a state sponsor of terrorism. Secretary Rice rescinded Libya's designation as a state sponsor of terrorism on June 30, 2006.

Libyans confront enormous tasks of political and economic reform, including the rebuilding of critical institutions that suffered from decades of mismanagement. Libya depends heavily on revenue generated from the oil sector, which provides practically all export earnings and about one-quarter of its GDP. These oil revenues and a small population give Libya one of the highest per capita GDPs in Africa, but little benefit flows to ordinary citizens. Libyan officials in the past three years have made some progress on economic reforms as part of a broader campaign to reintegrate the country into the international fold. As a wealthy country and one with significant political baggage, Libya will be provided technical assistance to increase its capacity. Such assistance will support the development of expertise and capacity to strengthen reform, including diversifying a rigid and public sector-dominated economy and bolstering currently weak civil society actors. Targeted assistance can be effective, but is likely to meet resistance from vested elites absent real Government of Libya (GOL) cooperation. Given its wealth, Libya will be expected to fund programs to the extent possible.

Foreign assistance to Libya will initially be targeted to the Peace and Security objective in order to graduate Libya from a Restrictive country to a Developing country. Assistance in this objective will be complemented by a robust International Visitors Leadership Program (IVLP) and other exchanges as well as the inclusion of Libyan citizens in regional initiatives that can build a democratic cadre to advance internal reforms. These activities will be implemented with the goal of expanding assistance to Governing Justly and Democratically and Economic Growth, as the regulatory and political environment permits. These objectives reflect top U.S. priorities in our bilateral engagement with Libya.

### Resources to Help Advance Transformational Diplomacy

#### Request by Objective

(\$ in thousands)	2006 Actual	2007 Estimate	2008 Request
Peace & Security	0	*	650
Governing Justly & Democratically	0	*	300
Economic Growth	0	*	200
<b>Total</b>	<b>0</b>	<b>*</b>	<b>1,150</b>

### Request by Account

(\$ in thousands)	2006 Actual	2007 Estimate	2008 Request
Economic Support Fund	0	*	500
International Military Education & Training	0	*	350
Nonproliferation, Antiterrorism & Demining	0	*	300
<b>Total</b>	<b>0</b>	<b>*</b>	<b>1,150</b>

**Peace and Security (\$0.7 million):** Dismantlement of Libya's weapons of mass destruction remains a key foreign policy objective. The Libya Scientist Engagement Program funded through NADR supports Libya's request for Western assistance in redirecting former WMD scientists in Libya towards civilian careers that can enhance the country's economic development. The scientist engagement program, carried out in close coordination with the Libyan Government, identifies four priority areas for engagement efforts: nuclear medicine, water management, oil/gas technologies and services, and environmental monitoring. The scientist engagement program will continue to work with the United Kingdom and the U.S. Department of Energy to engage Libya's nuclear, chemical, and missile experts. Projects will continue to promote project sustainability and integration of the former weapons scientist into existing research and development organizations.

IMET funded assistance will educate and train Libyan security forces. Consistent with similar programs in the region, initial funding would be used for English language education as U.S. Government representatives in country seek to identify candidates for specific courses on civil-military relations, border security, counterterrorism, etc. This would include training programs that bring Libyan officers to the U.S. and expose them to democratic practices and respect for human rights. The GOL would pay for additional training and education with national funds.

**Governing Justly and Democratically (\$0.3 million):** ESF funds will advance the Freedom Agenda in Libya. Starting with a platform of enhanced Libyan participation in regional initiatives and targeted IVLP exchanges, assistance will help build a cadre of indigenous democrats in civil society and government who can carry forward critical internal reforms. Complemented by enhanced cooperation on visa regimes critical to the implementation of assistance programs, U.S. assistance will support small scale technical assistance programs to build institutional capacity and advance responsive and transparent governance, rule of law, and enhanced human rights awareness and professionalism among the security forces.

**Economic Growth (\$0.2 million):** After sanctions against Libya were lifted, U.S. companies have become increasingly interested in the Libyan market. However, Libya's investment climate and trade infrastructure are not suitable for international companies after three decades of isolation. Limited technical assistance, provided by ESF, in implementing Libya's new National Economic Strategy, as well as a Commercial Law Development Program will help U.S. companies operate more effectively and capitalize on new opportunities.

### Request by Element

(\$ in Thousands)	2006 Actual	2007 Estimate	2008 Request
<b>TOTAL</b>	0	*	1,150
Peace & Security	0	*	650
Combating Weapons of Mass Destruction (WMD)	0	*	300
Counter WMD Proliferation and Combat WMD Terrorism	0	*	300
Stabilization Operations and Security Sector Reform	0	*	350
Defense, Military, and Border Restructuring, Reform and Operations	0	*	350
Governing Justly & Democratically	0	*	300
Rule of Law and Human Rights	0	*	200
Human Rights	0	*	200
Good Governance	0	*	100
Legislative Function and Processes	0	*	100
Economic Growth	0	*	200
Trade and Investment	0	*	200
Trade and Investment Enabling Environment	0	*	200

### Statement of Changes

FY 2008 is the first year of funding for Libya due to the rescission of its designation as a state sponsor of terrorism.

## MOROCCO

Developing

### Obstacles and Opportunities for Advancing Transformational Diplomacy

Morocco remains one of the United States' oldest and closest allies in the region. A stable, democratizing, liberalizing Arab Muslim nation, an important actor in the Global War on Terrorism and a constructive force in the pursuit of Middle East peace, partnership with Morocco is vital to U.S. interests in the Middle East.

The Government of Morocco continues to undertake a series of economic, political, and social reforms. Examples include the Moudawana al Ousra, the revised family law that has expanded the rights and status of women, and the political party law, intended to expand participation in the political process, make parties more effective, and extend the reach of democratization. The most critical challenge for Morocco today is to address and implement changes to improve the lives and futures of its citizens, especially youth. Wide socio-economic differences and a poorly performing non-diversified economy have created opportunities for extremist recruitment, as illustrated by the 2003 Casablanca terrorist bombings.

U.S. policy towards Morocco emphasizes sustained and strong engagement and identifies priorities for reform, conflict resolution, counterterrorism cooperation and public outreach. Consistent with the Millennium Challenge Corporation conditionality, the U.S. supports political, economic, social reform in Morocco and the region in a number of ways: through the Middle East Partnership Initiative (MEPI), State and USAID bilateral assistance, public diplomacy, and sustained high-level dialogue and advocacy. Development assistance aims to improve education, create employment, alleviate poverty, and strengthen the capacity of central and local government institutions.

### Resources to Help Advance Transformational Diplomacy

#### Request by Objective

(\$ in thousands)	2006 Actual	2007 Estimate	2008 Request
Peace & Security	16,024	*	7,555
Governing Justly & Democratically	6,440	*	5,500
Investing in People	4,752	*	3,000
Economic Growth	7,982	*	13,000
<b>Total</b>	<b>35,198</b>	*	<b>29,055</b>

#### Request by Account

(\$ in thousands)	2006 Actual	2007 Estimate	2008 Request
Development Assistance	8,284	*	6,000
Economic Support Fund	10,890	*	15,500
Foreign Military Financing	12,375	*	3,655
International Military Education & Training	1,884	*	1,800
International Narcotics Control and Law Enforcement	990	*	1,000
Nonproliferation, Antiterrorism & Demining	775	*	1,100
<b>Total</b>	<b>35,198</b>	*	<b>29,055</b>
Peace Corps	3739	*	3855

**Peace and Security (\$7.6 million):** A range of U.S. programs assist Morocco to better control its borders, police its cities, deny indigenous or transnational terrorists the ability to operate, and to support international conflict resolution and peace keeping. All of these efforts to promote a stable, more prosperous and secure Morocco will help the Moroccan government continue as a partner in confronting extremism, promoting reform, and pursuing peace and stability in the Middle East.

The Foreign Military Financing assistance program bolsters Morocco's ability to perform core antiterrorism and anti-trafficking missions, helping preserve regional stability. International Military Education and Training funding assists in maintaining an effective and historically strong military-to-military relationship.

**Governing Justly and Democratically (\$5.5 million):** U.S. democracy programs work to strengthen the capacity of citizens, representatives, and local authorities to participate effectively in the political process. The programs work at national and local levels to support free and fair elections, effective political parties, accountable institutions, a free press, functioning independent broadcast media and strengthen civic participation. Morocco has made substantial progress as a regional leader in democratic reforms; 2002 parliamentary elections were the most free and fair to date. The 2007 elections are expected to continue this trend.

The United States works to build an understanding of and respect for U.S. policies and values by expanding public outreach in Morocco through a reinforced public diplomacy strategy. This includes implementing the American Corners concept in Morocco, expanding cultural exchange programs, increasing outreach travel of the Ambassador and Mission personnel, expanding English ACCESS Micro scholarships, creating an American Presence Post in Marrakech with a substantial public diplomacy focus, supporting private people to people initiatives, publicizing U.S. assistance, and extending Radio Sawa coverage.

**Investing in People (\$3.0 million):** Current programs target functional literacy training for women and basic education to combat school drop-out. Work in this area is tied to Economic Growth and Peace and Security objectives, since a trained workforce will allow more Moroccans to participate fully in the economy and reduce the potential for youth to be influenced by messages of intolerance. The basic education program helps Morocco increase its capacity to provide primary and middle school age rural children with better access to quality basic education.

**Economic Growth (\$13.0 million):** A bilateral Free Trade Agreement (FTA) entered into force on January 1, 2006. Economic assistance aims to ensure effective implementation and full compliance with the terms of the agreement. Programs also focus on increasing productivity in agriculture and agribusiness, creating new business opportunities outside of agriculture and agribusiness, and improving the business environment. The latter area includes workforce development, which focuses on skills training, including entrepreneurship training, for increased employability, productivity and opportunity.

## Request by Element

(\$ in Thousands)	2006 Actual	2007 Estimate	2008 Request
<b>TOTAL</b>	35,198	*	29,055
Peace & Security	16,024	*	7,555
Counter-Terrorism	710	*	900
Deny Terrorist Sponsorship, Support and Sanctuary	200	*	400
Governments' Capabilities	510	*	500
Combating Weapons of Mass Destruction (WMD)	0	*	200
Counter WMD Proliferation and Combat WMD Terrorism	0	*	200
Stabilization Operations and Security Sector Reform	15,249	*	6,455
Operations Support	1,884	*	1,800
Defense, Military, and Border Restructuring, Reform and Operations	12,375	*	3,655
Law Enforcement Restructuring, Reform and Operations	990	*	1,000
Transnational Crime	65	*	0
Financial Crimes and Money Laundering	65	*	0
Governing Justly & Democratically	6,440	*	5,500
Good Governance	5,440	*	3,000
Legislative Function and Processes	1,437	*	900
Local Government and Decentralization	3,458	*	1,585
Program Support (Governance)	545	*	515
Political Competition and Consensus-Building	1,000	*	1,000
Elections and Political Processes	830	*	800
Program Support (Political Competition)	170	*	200
Civil Society	0	*	1,500
Civic Participation	0	*	1,500
Investing in People	4,752	*	3,000
Education	4,752	*	3,000
Basic Education	4,752	*	3,000
Economic Growth	7,982	*	13,000
Trade and Investment	1,250	*	2,190
Trade and Investment Enabling Environment	1,120	*	830
Trade and Investment Capacity	0	*	1,120
Program Support (Trade)	130	*	240
Financial Sector	0	*	660
Financial Services	0	*	600
Program Support (Financial Sector)	0	*	60
Agriculture	4,508	*	3,750
Agricultural Enabling Environment	900	*	2,000
Agricultural Sector Productivity	3,191	*	1,550
Program Support (Agriculture)	417	*	200
Private Sector Competitiveness	2,224	*	6,400
Business Enabling Environment	0	*	1,197
Private Sector Productivity	948	*	0
Workforce Development	846	*	4,722
Program Support (Private Sector)	430	*	481



### **Linkages with the Millennium Challenge Corporation (MCC)**

Morocco was named as an eligible "low income country" for Millennium Challenge Account assistance in 2005 and 2006. The Moroccan government submitted a \$733 million proposal to MCC on August 1, 2006 that focuses on relieving constraints to growth in agriculture, fishing, artisan, and small enterprise finance sectors of the Moroccan economy. MCC is now in the process of examining the proposal to decide which, if any, of Morocco's proposed programs should receive MCC funding.

### **Statement of Changes**

Funding for Morocco decreased 17% from FY 2006 to FY 2008. The primary cuts were taken in Peace and Security assistance in accordance with U.S. strategic priorities. Economic Growth funding will increase by \$2.7 million and Investing in People by \$600,000 from FY 2006 to FY 2008 to further the investment climate and focus on Free Trade Agreement implementation. Funding for Governing Justly and Democratically will decrease by \$940,000 over the same period. Prior year funding in this objective marked an increase for election assistance.

**OMAN**  
Sustaining Partnership

**Obstacles and Opportunities for Advancing Transformational Diplomacy**

Oman occupies a strategic location on the Arabian Peninsula and on the southern shore of the Strait of Hormuz. As the Strait forms a key naval chokepoint for a very large percentage of the world's oil and gas shipments, the Oman-U.S. relationship is critical to U.S. defense interests, not only in the Persian Gulf region, but also globally. Since concluding a bilateral agreement with Oman in 1980, the United States has had access to Omani military bases. This has proven invaluable for U.S. combat support and readiness in the Gulf. Oman was a stalwart supporter of the U.S. operations in Iraq, providing critical support in a wide variety of areas. The United States has a critical interest in ensuring that Oman continues to participate in efforts to promote regional stability, as well as in retaining access to key Omani military facilities. Continued access and assistance will be vital to the success of any future operations in Southwest Asia.

**Resources to Help Advance Transformational Diplomacy**

**Request by Objective**

(\$ in thousands)	2006 Actual	2007 Estimate	2008 Request
Peace & Security	15,395	*	13,505
<b>Total</b>	<b>15,395</b>	<b>*</b>	<b>13,505</b>

**Request by Account**

(\$ in thousands)	2006 Actual	2007 Estimate	2008 Request
Foreign Military Financing	13,860	*	10,105
International Military Education & Training	1,135	*	1,500
Nonproliferation, Antiterrorism & Demining	400	*	1,900
<b>Total</b>	<b>15,395</b>	<b>*</b>	<b>13,505</b>

**Peace & Security (\$13.5 million):** U.S. funds will continue to enhance Oman's capability to monitor its land, sea, and air borders, including the vital Strait of Hormuz, and improve the Omani military's interoperability with U.S. forces. This capability directly supports the war on terrorism, complements expanding maritime interdiction operations, and helps ensure that the deployment route to the Gulf remains unobstructed. These funds also tangibly demonstrate U.S. support for a moderate Gulf ally that will remain indispensable with regard to future contingencies in the region.

U.S. assistance in support of military education and training also serves to enhance the U.S. military relationship with Oman. Funds will support training covering a broad range of areas to include Professional Military Education, English language, technical and logistics training, medical corps development, demining efforts and maritime operations. U.S.-funded training reinforces democratic principles of civilian control of the military, enhances interoperability with U.S. forces, promotes professionalism and reinforces among core supporters of the regime the importance of a strong, cooperative political/military relationship with the United States. Omani officer and non-commissioned officer attendance at technical training and PME courses foster one-to-one relationships that pay invaluable rewards in the form of access, operational coordination and mutual, professional understanding. Maintenance, logistics and specialist training will also serve to enhance the Sultanate of Oman's military's value as a training and

coalition partner. Oman is eligible to receive Excess Defense Articles (EDA) on a grant basis under Section 516 of the Foreign Assistance Act. Oman will use the EDA to improve its ability to monitor its borders, particularly near the vital Strait of Hormuz, and to improve interoperability with U.S. forces.

U.S. assistance will also prevent the proliferation of weapons of mass destruction, their delivery systems, related technologies and other weapons through a cooperative program to help strengthen and expand an effective export control system in Oman. Funding shall focus on improving legal/regulatory, enforcement and licensing procedures and capabilities. Anti-terrorism assistance will support continued training focused on newly developed, advanced courses, designed to sustain Oman's counterterrorism training capabilities and, in addition, promote multilateral cooperation through regional training courses.

### Request by Element

(\$ in Thousands)	2006 Actual	2007 Estimate	2008 Request
<b>TOTAL</b>	15,395	*	13,505
Peace & Security	15,395	*	13,505
Counter-Terrorism	400	*	1,400
Deny Terrorist Sponsorship, Support and Sanctuary	0	*	500
Governments' Capabilities	400	*	900
Combating Weapons of Mass Destruction (WMD)	0	*	500
Counter WMD Proliferation and Combat WMD Terrorism	0	*	500
Stabilization Operations and Security Sector Reform	14,995	*	11,605
Defense, Military, and Border Restructuring, Reform and Operations	14,995	*	11,605

### Statement of Changes

A significant increase in NADR funding in the FY 2008 request reflects an increased emphasis on preventing the proliferation of weapons of mass destruction, and providing anti-terrorism assistance.

**QATAR**  
Sustaining Partnership

**Obstacles and Opportunities for Advancing Transformational Diplomacy**

A small country in a turbulent, yet strategically vital region, Qatar is a partner with the U.S. regarding its strategic defense. The increasingly aggressive and destabilizing foreign policies of neighboring Iran have sharpened the security challenges facing Qatar and underscore the need to enhance U.S.-Qatari bilateral security cooperation. U.S. assistance bolsters Qatar's counterterrorism efforts and its ability to protect critical energy infrastructure which is essential to global economic prosperity.

Despite widespread opposition to U.S. policies on key regional issues such as Iraq and Israeli-Palestinian matters, relations with the government are strong. The military-to-military relations are critical, and Qatari support is essential to U.S. operations in Iraq and Afghanistan. Increasing the exposure of Qataris to U.S. military training not only enhances military relations and interoperability but also exposes future leaders of the Qatari military to important U.S. values and ideals. By encouraging the government and leaders of civil society to address the root causes of discontent that fuel support for terrorism, the U.S. seeks to eliminate popular support for terrorist groups.

**Resources to Help Advance Transformational Diplomacy**

**Request by Objective**

(\$ in thousands)	2006 Actual	2007 Estimate	2008 Request
Peace & Security	906	*	285
<b>Total</b>	<b>906</b>	<b>*</b>	<b>285</b>

**Request by Account**

(\$ in thousands)	2006 Actual	2007 Estimate	2008 Request
International Military Education & Training	0	*	15
Nonproliferation, Antiterrorism & Demining	906	*	270
<b>Total</b>	<b>906</b>	<b>*</b>	<b>285</b>

**Peace and Security (\$0.3 million):** Funding will combat terrorist ideology and support U.S. military, education and training programs. Military relations between the U.S. and Qatar are extremely close, and Qatari support has been essential for U.S. operations in Iraq and Afghanistan.

Increasing the number of Qatari officers at U.S. military training improves military-to-military cooperation by enhancing interoperability with U.S. forces, promoting military professionalism, building Qatari defensive capacities, and reinforcing the importance of a strong, cooperative political/ military relationship between American and Qatari military officers. These goals also underlie the Gulf Security Dialogue.

### Request by Element

(\$ in Thousands)	2006 Actual	2007 Estimate	2008 Request
<b>TOTAL</b>	906	*	285
Peace & Security	906	*	285
Counter-Terrorism	906	*	270
Governments' Capabilities	906	*	270
Stabilization Operations and Security Sector Reform	0	*	15
Defense, Military, and Border Restructuring, Reform and Operations	0	*	15

### Statement of Changes

At a decreased level of \$285,000 (from \$906,000 in FY 2006), NADR funding is strategically focused on countering extremist ideology.

**SAUDI ARABIA**  
Sustaining Partnership

**Obstacles and Opportunities for Advancing Transformational Diplomacy**

The United States and Saudi Arabia have a strong relationship, dating back to 1945 when King Abd' al-Aziz met with President Roosevelt. Saudi Arabia works closely with the United States to address threats to regional and global security, most particularly through counterterrorism cooperation.

The host of Islam's holiest sites in Mecca and Medina, and a leader among the world's oil producers, Saudi Arabia exerts tremendous moral authority and economic influence throughout the region and beyond. It nonetheless has limited ability to provide for its own defense. It is anticipated that Saudi Arabia will rely on U.S. security support over the long term, particularly given the aggressive and destabilizing foreign policies of neighboring Iran. U.S. assistance is aimed at bolstering security cooperation, including supporting Saudi Arabia's counterterrorism efforts and its ability to protect energy infrastructure, which is essential to global economic prosperity.

**Resources to Help Advance Transformational Diplomacy**

**Request by Objective**

(\$ in thousands)	2006 Actual	2007 Estimate	2008 Request
Peace & Security	1,577	*	115
<b>Total</b>	<b>1,577</b>	<b>*</b>	<b>115</b>

**Request by Account**

(\$ in thousands)	2006 Actual	2007 Estimate	2008 Request
International Military Education & Training	0	*	15
Nonproliferation, Antiterrorism & Demining	1,577	*	100
<b>Total</b>	<b>1,577</b>	<b>*</b>	<b>115</b>

**Peace and Security (\$0.1 million):** Working with Saudi Arabia to counter terrorism and to maintain regional peace and stability in the face of Iran's threat is a critical U.S. foreign policy goal. U.S. assistance will fund Saudi Arabia's continued participation in U.S. military, education and training programs, which enhances interoperability with U.S. forces, promotes military professionalism and respect for human rights, builds Saudi defensive capacities, and reinforces the importance of a strong, cooperative political/military relationship between American and Saudi military officers. These goals also underlie the Gulf Security Dialogue.

Aware of the important role of reform in assuring the long-term stability of Saudi Arabia, and its importance in combating extremist ideology that underlies terrorism, U.S. support will assist the Saudi government's efforts to delegitimize terrorist ideology and religious extremism.

### Request by Element

(\$ in Thousands)	2006 Actual	2007 Estimate	2008 Request
<b>TOTAL</b>	1,577	*	115
Peace & Security	1,577	*	115
Stabilization Operations and Security Sector Reform	1,577	*	115
Defense, Military, and Border Restructuring, Reform and Operations	1,577	*	115

### Statement of Changes

With \$115,000 in NADR funding for FY 2008, a reduction from \$1.5 million from FY 2006, the program is strategically focused on counterterrorism training and energy infrastructure protection.

**TUNISIA**  
Developing

**Obstacles and Opportunities for Advancing Transformational Diplomacy**

Tunisia is an important U.S. ally as a moderate voice on regional issues and a valued partner in the global war on terror. The country is a leader in women's rights, economic performance, and education; however substantial reforms to protect human rights and open the political space are still needed. U.S. assistance will help the Tunisian military enhance capabilities to apprehend and defeat indigenous and transnational terrorist elements and combat trafficking by increasing border monitoring using a combination of air support assets, maritime patrol and tactical ground surveillance and response capabilities, further enhancing Tunisia's value as an ally in the global war on terrorism. The United States supports the Tunisian government's desire to transform its military into one that responds rapidly to terrorism as well as to one that is able to project peacekeepers when the UN or African Union requires.

**Resources to Help Advance Transformational Diplomacy**

**Request by Objective**

(\$ in thousands)	2006 Actual	2007 Estimate	2008 Request
Peace & Security	10,285	*	4,564
Governing Justly & Democratically	0	*	200
<b>Total</b>	<b>10,285</b>	<b>*</b>	<b>4,764</b>

**Request by Account**

(\$ in thousands)	2006 Actual	2007 Estimate	2008 Request
Economic Support Fund	0	*	200
Foreign Military Financing	8,413	*	2,064
International Military Education & Training	1,847	*	1,800
International Narcotics Control and Law Enforcement	0	*	200
Nonproliferation, Antiterrorism & Demining	25	*	500
<b>Total</b>	<b>10,285</b>	<b>*</b>	<b>4,764</b>

**Peace and Security (\$4.6 million):** To cement Tunisian cooperation in the global war on terror, the U.S. request will encourage active engagement on joint counterterrorism efforts; reinvigorate counterterrorism exercises and training programs for the police; help Tunisia strengthen its ability to monitor and control its frontiers, participate in more regional initiatives, and use public diplomacy to combat the implicit sympathy with terrorists which colors some local media and public opinion.

**Governing Justly and Democratically (\$0.2 million):** Limited freedoms of expression and association in Tunisia have been identified as the key obstacles to democratic reform. Funding will support programs and exchanges to promote professional training of journalists, encouraging use of and access to the Internet, and civil society training, including regional programs for emerging civil society leaders. Funding will also be directed at Muslim/youth outreach programs aimed at sectors of society vulnerable to growing anti-American sentiment and extremism.



### Request by Element

(\$ in Thousands)	2006 Actual	2007 Estimate	2008 Request
<b>TOTAL</b>	10,285	*	4,764
Peace & Security	10,285	*	4,564
Counter-Terrorism	0	*	400
Deny Terrorist Sponsorship, Support and Sanctuary	0	*	400
Combating Weapons of Mass Destruction (WMD)	25	*	100
Counter WMD Proliferation and Combat WMD Terrorism	25	*	100
Stabilization Operations and Security Sector Reform	10,260	*	3,864
Defense, Military, and Border Restructuring, Reform and Operations	10,260	*	3,864
Transnational Crime	0	*	200
Trafficking-in-Persons and Migrant Smuggling	0	*	200
Governing Justly & Democratically	0	*	200
Civil Society	0	*	200
Civic Participation	0	*	200

### Statement of Changes

The budget request for assistance to Tunisia in FY 2008 represents a reduction from FY 2006 levels. Funds to support Peace and Security will decline from \$10.3 million to \$4.6 million. The Peace and Security objective remains a vital aspect of our security relationship with Tunisia, including in the area of counterterrorism, and the funding for the elements have been shifted to reflect this focus. Under the Governing Justly and Democratically objective, \$200,000 will support new programs and exchanges promoting freedom of expression and association, identified as the key obstacles to democratic reform in Tunisia, and Muslim/youth outreach public diplomacy aimed at sectors of society vulnerable to anti-American sentiment and extremism.

**UNITED ARAB EMIRATES**  
Sustaining Partnership

**Obstacles and Opportunities for Advancing Transformational Diplomacy**

The United Arab Emirates (UAE) is an important commercial center for the Middle East and beyond which faces unique challenges. U.S. assistance will target Emirati capabilities to prevent the UAE's ports from being used as WMD transshipment points and will assist Emirati authorities in combating terrorist financing.

As a small country in a turbulent region, the UAE is unable to provide for its own defense, and relies on U.S. support. The increasingly aggressive and destabilizing foreign policies of neighboring Iran have sharpened the security challenges faced by the UAE, and underscore the need to enhance our bilateral security cooperation. U.S. assistance also bolsters the UAE's counterterrorism efforts and its ability to protect energy infrastructure, which is essential to global economic prosperity.

**Resources to Help Advance Transformational Diplomacy**

**Request by Objective**

(\$ in thousands)	2006 Actual	2007 Estimate	2008 Request
Peace & Security	961	*	615
<b>Total</b>	<b>961</b>	<b>*</b>	<b>615</b>

**Request by Account**

(\$ in thousands)	2006 Actual	2007 Estimate	2008 Request
International Military Education & Training	0	*	15
International Narcotics Control and Law Enforcement	0	*	300
Nonproliferation, Antiterrorism & Demining	961	*	300
<b>Total</b>	<b>961</b>	<b>*</b>	<b>615</b>

**Peace & Security (\$0.6 million):** U.S. assistance will fund the UAE's participation in U.S. security, education and training programs, which will provide the basis for our efforts to enhance interoperability with U.S. forces, promote security forces' professionalism and respect for human rights, build Emirati defensive capacities, and reinforce the importance of a strong, cooperative bilateral political/security relationship. These goals also underlie the Gulf Security Dialogue.

The UAE is the primary banking hub for the Gulf region. U.S. assistance in the area of transnational crime will support programs to assist Emirati authorities to combat terrorist financing.

Dubai is the largest man-made port in the world and the largest port in the Middle East. U.S. assistance will fund counterproliferation efforts to ensure Emirati ports do not serve as WMD transshipment points.

### Request by Element

(\$ in Thousands)	2006 Actual	2007 Estimate	2008 Request
<b>TOTAL</b>	961	*	615
Peace & Security	961	*	615
Counter-Terrorism	661	*	0
Governments' Capabilities	661	*	0
Combating Weapons of Mass Destruction (WMD)	0	*	300
Counter WMD Proliferation and Combat WMD Terrorism	0	*	300
Stabilization Operations and Security Sector Reform	0	*	15
Defense, Military, and Border Restructuring, Reform and Operations	0	*	15
Transnational Crime	300	*	300
Financial Crimes and Money Laundering	300	*	300

### Statement of Changes

The decrease in NADR funding in the FY 2008 request reflects an increased emphasis on assisting the UAE to combat terror financing.

## WEST BANK AND GAZA

### Obstacles and Opportunities for Advancing Transformational Diplomacy

On January 25, 2006, Palestinian Legislative Council elections brought Hamas, a U.S.-designated Foreign Terrorist Organization, to power within the Palestinian Authority (PA). The United States and the rest of the Middle East Quartet (the Russian Federation, the European Union and the United Nations) have called on the Hamas-led PA government to accept the three principles of peace: renunciation of terror and violence, recognition of Israel, and acceptance of previous obligations and agreements, including the Roadmap. The U.S. assistance strategy ensures that U.S. Government aid does not provide economic nor political benefit to a Hamas-led government that refuses to accept the Quartet principles. Although the United States has terminated direct assistance to the PA government, the U.S. remains committed to helping address the legitimate needs of the Palestinian people. Such support aims to address humanitarian needs and strengthen moderate voices, the private sector, and initiatives in health and education thereby building the capacity of the Palestinian people to assume responsibility for their future. This support also maintains the focus on Hamas' failure to meet its obligations and its inability to govern effectively.

### Resources to Help Advance Transformational Diplomacy

#### Request by Objective

(\$ in thousands)	2006 Actual	2007 Estimate	2008 Request
Peace & Security	95,765	*	3,500
Governing Justly & Democratically	24,846	*	18,000
Investing in People	18,169	*	12,000
Economic Growth	7,753	*	19,000
Humanitarian Assistance	6,752	*	24,500
<b>Total</b>	<b>153,285</b>	*	<b>77,000</b>

#### Request by Account

(\$ in thousands)	2006 Actual	2007 Estimate	2008 Request
Child Survival and Health	0	*	10,000
Economic Support Fund	148,500	*	63,500
International Narcotics Control and Law Enforcement	0	*	3,500
Public Law 480 (Food Aid)	4,442**	*	0
Transition Initiatives	343	*	0
<b>Total</b>	<b>153,285</b>	*	<b>77,000</b>

\*\*FY 2006 includes \$4.442 million of P.L. 480 Title II emergency food aid. Emergency food aid has not been allocated to countries in FY 2008.

**Peace and Security (\$3.5 million):** A critical component of bolstering peace and security within West Bank/Gaza is supporting law enforcement reform, including the Presidential Guard, and curtailing financial crimes and money laundering.

**Governing Justly and Democratically (\$18.0 million):** The U.S. focus is good governance, specifically, bolstering the justice system and encouraging judicial independence, fostering the growth of political parties, and supporting local government. By institution building in this manner, the United States intends to promote the rule of law, stability and reform.

**Investing in People (\$12.0 million):** Public health, especially maternal and child health must be addressed to move West Bank/Gaza forward. The United States is also making key investments in basic education and workforce development.

**Economic Growth (\$19.0 million):** The lack of economic opportunity is a source of instability in West Bank/Gaza. The United States has focused its efforts on agricultural productivity, support for micro-enterprises, creating private sector opportunity and bolstering trade.

**Humanitarian Assistance (\$24.5 million):** The focus of U.S. assistance at this time is on meeting the significant humanitarian needs of the Palestinian people. The U.S. is committed to continuing essential humanitarian assistance to the non-refugee Palestinian population, not served through UNRWA programs. The humanitarian assistance program is focused on helping the most vulnerable of the Palestinian population meet their basic human needs by providing food aid, and other emergency assistance (shelter, water, sanitation, hygiene and health).

### Request by Element

(\$ in Thousands)	2006 Actual	2007 Estimate	2008 Request
<b>TOTAL</b>	<b>153,285</b>	<b>*</b>	<b>77,000</b>
Peace & Security	95,765	*	3,500
Stabilization Operations and Security Sector Reform	91,265	*	2,000
Defense, Military, and Border Restructuring, Reform and Operations	91,000	*	0
Law Enforcement Restructuring, Reform and Operations	0	*	2,000
Program Support (Stabilization)	265	*	0
Transnational Crime	4,500	*	1,500
Financial Crimes and Money Laundering	4,500	*	1,500
Governing Justly & Democratically	24,846	*	18,000
Rule of Law and Human Rights	0	*	2,000
Judicial Independence	0	*	1,000
Justice System	0	*	1,000
Good Governance	300	*	3,500
Legislative Function and Processes	0	*	1,500
Local Government and Decentralization	0	*	2,000
Program Support (Governance)	300	*	0
Political Competition and Consensus-Building	15,300	*	5,500
Consensus-Building Processes	13,000	*	2,000
Elections and Political Processes	2,000	*	1,000
Political Parties	0	*	2,500
Program Support (Political Competition)	300	*	0
Civil Society	9,246	*	7,000
Civic Participation	8,943	*	6,000
Media Freedom and Freedom of Information	0	*	1,000
Program Support (Civil Society)	303	*	0
Investing in People	18,169	*	12,000
Health	16,987	*	10,000
Avian Influenza	350	*	0
Other Public Health Threats	0	*	5,000
Maternal and Child Health	16,637	*	5,000
Education	1,182	*	2,000

(\$ in Thousands)	2006 Actual	2007 Estimate	2008 Request
Basic Education	0	*	2,000
Higher Education	1,182	*	0
Economic Growth	7,753	*	19,000
Trade and Investment	0	*	4,000
Trade and Investment Capacity	0	*	4,000
Agriculture	2,000	*	6,000
Agricultural Sector Productivity	2,000	*	6,000
Private Sector Competitiveness	5,453	*	4,000
Private Sector Productivity	5,000	*	2,000
Workforce Development	0	*	2,000
Program Support (Private Sector)	453	*	0
Economic Opportunity	300	*	5,000
Strengthen Microenterprise Productivity	0	*	5,000
Program Support (Econ Opportunity)	300	*	0
Humanitarian Assistance	6,752	*	24,500
Protection, Assistance and Solutions	6,752	*	24,500
Crisis Assistance and Recovery	6,752	*	24,500

#### **Statement of Changes**

The FY 2008 funding request for the West Bank and Gaza has decreased from FY 2006 levels, due in large part to legal and policy restrictions arising from the election of Hamas in January 2006. Following the election of Hamas, the U.S. Government revised its foreign assistance strategy to focus on three goals: 1) fostering democratization; 2) providing for the legitimate needs of the Palestinian people; and 3) encouraging private sector growth. Therefore, the U.S. increased the proportion of funding allocated to Humanitarian Assistance, Economic Growth, and Investing in People. U.S. Government assistance in these three core objectives will help the Palestinian people directly and support moderates such as Palestinian President Abbas without providing support for Hamas.

**YEMEN**  
Developing

**Obstacles and Opportunities for Advancing Transformational Diplomacy**

Yemen continues to be an essential U.S. partner in the war on terrorism. While the U.S. and Yemen have made great progress in uprooting the al-Qaida presence in the country, Yemen requires continued U.S. material support to be successful in its ongoing counterterrorism efforts. The Government of Yemen (GOY) has undertaken significant strides toward opening its multi-party political system to full public participation, and to include women. Yemen is evolving into a multi-party democracy and is slowly taking necessary steps to move its economy away from oil dependence. U.S. assistance to Yemen is critical to ensure that these policies continue on track and serve as an example to other countries in the region.

Yemen is one of the world's poorest countries, and its pressing economic and development needs are a complicating factor in its struggle to root out terrorist elements. U.S. development assistance will focus on high and fast impact services in health, basic education, agriculture and democratic reform. Development assistance will be targeted to poor and remote governorates where the U.S. Government and the GOY are seeking the support of the Yemeni tribes in the war on terrorism.

**Resources to Help Advance Transformational Diplomacy**

**Request by Objective**

(\$ in thousands)	2006 Actual	2007 Estimate	2008 Request
Peace & Security	10,780	*	10,226
Governing Justly & Democratically	1,109	*	6,450
Investing in People	5,732	*	6,383
Economic Growth	1,079	*	0
<b>Total</b>	<b>18,700</b>	<b>*</b>	<b>23,059</b>

**Request by Account**

(\$ in thousands)	2006 Actual	2007 Estimate	2008 Request
Child Survival and Health	0	*	4,383
Economic Support Fund	7,920	*	8,450
Foreign Military Financing	8,415	*	4,676
International Military Education & Training	924	*	1,000
International Narcotics Control and Law Enforcement	0	*	500
Nonproliferation, Antiterrorism & Demining	1,441	*	4,050
<b>Total</b>	<b>18,700</b>	<b>*</b>	<b>23,059</b>

**Peace and Security (\$10.2 million):** Funding supports the ongoing, three-pronged security assistance program that focuses on developing Yemeni Counter-Terrorism Unit and Special Operations Forces capabilities, building a viable Coast Guard, and improving military capacity to conduct security missions. Yemen is eligible in FY 2008 to receive Excess Defense Articles (EDA) on a grant basis under Section 516 of the Foreign Assistance Act, which would finance the continued development of a coast guard and military forces. The FMF and IMET funds will continue to directly support U.S. counterterrorism goals through the ongoing design, development, and facilitation of a National Counter Terrorist Coordination Center, whose express

mission will be to coordinate all counter terrorist operations and enhance communication between the armed forces. NADR funding supports export control and related border security assistance (EXBS) efforts and small arms and light weapons programs. NADR/Anti-terrorism Assistance is requested for newly developed advanced courses and continued training designed to sustain Yemen's counterterrorism training capabilities. NADR/Terrorism Interdiction Program assistance is requested implement new and increased program operations and equipment that Yemen will use in support of the ongoing war on terrorism.

**Governing Justly (\$6.5 million):** U.S. assistance will promote democratic development in Yemen by supporting activities to strengthen Parliament, train party officials and local councils, improve electoral participation and processes, support conflict resolution, and strengthen the capacity of non-governmental organizations and community based organizations in Yemen. The United States will work to strengthen the capacity of representative institutions, including Parliament and local councils. USAID will continue support for strengthening Parliament with an emphasis on improving governance through legislative reform. In 2006, USAID signed an agreement with the Government of Yemen to support transparency and anti-corruption efforts in Yemen. USAID will continue to promote anti-corruption activities by partnering with the High Tender Board, the Central Organization for Control and Audit and the tax authority's Legal Department, and by providing technical assistance to the Journalists' Syndicate and the Supreme Judicial Council. USAID will also support media capacity, empowerment of women in the legal profession, and tribal conflict mitigation. Finally, U.S. assistance will provide technical assistance for monitoring the upcoming elections and the development of civil society and rule of law.

**Investing in People (\$6.4 million):** In the health sector, U.S. assistance will provide technical assistance, immunizations, training, and medical equipment; renovate hospitals and clinics; and foster community mobilization through religious leaders. In order to improve maternal and child health, family planning, and reproductive health, USAID will train 450 health workers, renovate 15 health facilities, and provide six mobile health units. In education, U.S. assistance will continue to fund the renovation of 77 schools including the construction of 8 multi-purpose rooms large enough to hold 100 people. It will also embark on training school and ministry of education employees on data collection and the use of data for decision making. The U.S. is committed to supporting the Government of Yemen's efforts to improve basic education, especially for women and girls, by providing enhanced access to quality primary education.

### Request by Element

(\$ in Thousands)	2006 Actual	2007 Estimate	2008 Request
<b>TOTAL</b>	18,700	*	23,059
Peace & Security	10,780	*	10,226
Counter-Terrorism	550	*	2,050
Deny Terrorist Sponsorship, Support and Sanctuary	0	*	1,300
Governments' Capabilities	550	*	750
Combating Weapons of Mass Destruction (WMD)	200	*	500
Counter WMD Proliferation and Combat WMD Terrorism	200	*	500
Stabilization Operations and Security Sector Reform	10,030	*	7,676
Destruction and Security of Conventional Weapons	0	*	1,500
Explosive Remnants of War (ERW)	691	*	0
Defense, Military, and Border Restructuring, Reform and Operations	9,339	*	5,676
Law Enforcement Restructuring, Reform and Operations	0	*	500



(\$ in Thousands)	2006 Actual	2007 Estimate	2008 Request
Governing Justly & Democratically	1,109	*	6,450
Good Governance	912	*	3,200
Legislative Function and Processes	0	*	500
Public Sector Executive Function	0	*	500
Local Government and Decentralization	0	*	2,000
Anti-Corruption Reforms	733	*	0
Program Support (Governance)	179	*	200
Political Competition and Consensus-Building	0	*	1,500
Consensus-Building Processes	0	*	650
Elections and Political Processes	0	*	350
Political Parties	0	*	500
Civil Society	197	*	1,750
Civic Participation	50	*	1,000
Media Freedom and Freedom of Information	0	*	750
Program Support (Civil Society)	147	*	0
Investing in People	5,732	*	6,383
Health	3,287	*	4,383
Maternal and Child Health	3,287	*	2,192
Family Planning and Reproductive Health	0	*	2,191
Education	2,445	*	2,000
Basic Education	2,445	*	2,000
Economic Growth	1,079	*	0
Agriculture	1,079	*	0
Agricultural Sector Productivity	1,079	*	0

#### **Linkages with the Millennium Challenge Corporation (MCC)**

Yemen's eligibility in the MCC Threshold Program was suspended in 2005, however, the GOY is intent on making the numerous political and economic reforms necessary for its reinstatement.

#### **Statement of Changes**

Funding for Governing Justly and Democratically and Investing in People increased from FY 2006 to FY 2008 to emphasize the importance of Yemen's development needs and provide support for political and economic reforms that are essential to Yemen's future stability.

**MIDDLE EAST REGIONAL**  
Regional

**Obstacles and Opportunities for Advancing Transformational Diplomacy**

U.S. foreign policy interests are intricately linked with the future of the Middle East and North Africa (MENA). The U.S. seeks a Middle East of independent states, at peace with each other, and fully participating in an open, global market of goods, services, and ideas. U.S. security is linked to the capacity of MENA states to create peace and security, govern justly and effectively, and invest in their people. The MENA states must promote a responsible citizenry that is capable of meeting the challenges and opportunities of the 21st century. The United States' goals for the Middle East are promoting peace in the region and diminishing the underlying causes of terrorism.

The USAID Middle East Regional request includes funding for Middle East Regional Cooperation and Middle East Multilaterals. USAID's Office of Middle East Programs (USAID/OMEP) directly supports these strategic interests through targeted youth leadership initiatives; improving water resource management to reduce tension fueled by water shortages; and advancing regional reform efforts to combat corruption and govern justly. With its available resources, USAID/OMEP addresses these issues, focusing on transnational and regional issues and opportunities that cannot be fully addressed through bilateral programs.

**Resources to Help Advance Transformational Diplomacy**

**Request by Objective**

(\$ in thousands)	2006 Actual	2007 Estimate	2008 Request
Peace & Security	0	*	2,500
Governing Justly & Democratically	0	*	300
Investing in People	0	*	1,000
<b>Total</b>	<b>0</b>	<b>*</b>	<b>3,800</b>

**Request by Account**

(\$ in thousands)	2006 Actual	2007 Estimate	2008 Request
Economic Support Fund	0	*	3,800
<b>Total</b>	<b>0</b>	<b>*</b>	<b>3,800</b>

**Peace and Security (\$2.5 million):** The United States can address regional MENA challenges through counter-terrorism programs that de-legitimize terrorist ideology. OMEP will support activities that target youth, including leadership programs and media initiatives to counterbalance terrorist messages and ideology and promote innovative regional youth networks. OMEP will develop scholarship programs, youth networks, and programs with the Arab media to combat extremism, increase cross-cultural understanding, and mitigate conflict. OMEP's media programs in particular will work closely with indigenous organizations to develop content by Arabs, for Arabs, in promoting positive social development. Programs will focus on youth ranging from kindergarten through university.

OMEP will establish a regional Peace Scholarship program to bring promising young people from across MENA to the U.S. for education at community colleges and for short-term technical

training courses, leadership training, and "experience America" programs. Although differing in approach, this program will complement the Middle East Partnership Initiative's regional training and education programs.

**Governing Justly and Democratically (\$0.3 million):** OMEP will tackle public corruption by supporting the development of international networks of anti-corruption activists to promote increased transparency in public procurement, rule of law, government ethics, and any other field where public abuse is rampant. Through public-private partnerships, OMEP's anti-corruption program will work with regional institutions to establish anti-corruption laws and standards. Other parts of the program will educate and train citizens and non-governmental organizations to be advocates against corruption.

**Investing in People (\$1.0 million):** The countries of the MENA region face a looming water crisis, increasing competition and heightening tensions across the region. OMEP will help transform water management practices and achieve water security, working through regional approaches and institutions to foster inter-regional cooperation and support transboundary water dispute resolution. OMEP will facilitate the development of shared solutions to common water problems as well as focus on particular sub-regions where potential conflict can be mitigated, such as the Tigris and Euphrates watershed that affects populations in Turkey, Syria, and Iraq - three countries of high foreign policy interest to the United States.

#### Request by Element

(\$ in Thousands)	2006 Actual	2007 Estimate	2008 Request
<b>TOTAL</b>	0	*	3,800
Peace & Security	0	*	2,500
Counter-Terrorism	0	*	2,500
De-Legitimize Terrorist Ideology	0	*	2,500
Governing Justly & Democratically	0	*	300
Good Governance	0	*	300
Anti-Corruption Reforms	0	*	300
Investing in People	0	*	1,000
Health	0	*	1,000
Water Supply and Sanitation	0	*	1,000

**NEAR EAST REGIONAL**  
Regional

**Obstacles and Opportunities for Advancing Transformational Diplomacy**

The State Near East Regional Account funds the Middle East Partnership Initiative (MEPI), which is transformational diplomacy in action. MEPI is a critical tool that allows the U.S. to respond rapidly with support for reform efforts driven by the people of the broader Middle East and North Africa, including in Syria, Iran, and Libya. Also, by promoting democratic change and freedom throughout the region, MEPI is an important element in efforts to combat extremism and to create new opportunities for the people of the region.

Obstacles to transformational diplomacy in the region include extremism, water crises, poor educational systems, inadequate government services, economies that cannot provide sufficient jobs and opportunities, and restrictive governments. These challenges notwithstanding, important opportunities exist. Reformers have stepped forward so democracy can spread, education can thrive, economies can grow, and women can be empowered. Examples of progress include: elections in the region have become more transparent and credible; economies are opening up and developing; education systems are modernizing; and women are participating in new ways in the region.

This request will ensure that MEPI can consolidate and reinforce gains already made, develop new openings, coordinate longer term reform activities, and capitalize on new opportunities. NEA will work with regional partners and indigenous institutions in each area - democratic change, economic, education, and women's empowerment - to directly support the growth of free and democratic societies in the Middle East.

**Resources to Help Advance Transformational Diplomacy**

**Request by Objective**

(\$ in thousands)	2006 Actual	2007 Estimate	2008 Request
Peace & Security	5,250	*	0
Governing Justly & Democratically	66,050	*	40,770
Investing in People	18,350	*	16,040
Economic Growth	24,500	*	18,190
<b>Total</b>	<b>114,150</b>	<b>*</b>	<b>75,000</b>

**Request by Account**

(\$ in thousands)	2006 Actual	2007 Estimate	2008 Request
Economic Support Fund	113,850	*	75,000
Nonproliferation, Antiterrorism & Demining	300	*	0
<b>Total</b>	<b>114,150</b>	<b>*</b>	<b>75,000</b>

**Governing Justly & Democratically (\$40.8 million):** In FY 2008, MEPI will promote democratic reforms throughout the region by providing technical assistance for critical legislative and municipal elections, supporting and training political parties and candidates, and assisting local non-governmental organizations with voter and civic education campaigns. MEPI will continue its support of the Foundation for the Future -- a multilateral, not-for-profit entity with a

focus on grant-making in support of democracy and reform. MEPI will also support viable, on-going civil society reform efforts through G-8 Broader Middle East and North Africa democracy initiatives and through programs focused on increasing the population's access to free and independent media. As part of MEPI's response to the state of weak governing institutions across the Middle East and North Africa, some programming will be targeted toward good governance and legislative strengthening.

MEPI will focus on improving national laws, and empowering women through societal change and democracy building. MEPI programs will be designed to encourage underrepresented groups to participate in reform efforts and the eventual open and participatory political process. The U.S. plans to continue to develop the capacity of public defenders, prosecutors, and judges on critical principles of code reform for criminal and civil law, constitutional reform, human rights, and methods to preserve judicial independence. The women's empowerment program will promote women as decision-makers, provide professional development training and mentoring, and help to secure women's equal rights under the law.

**Investing in People (\$16.0 million):** MEPI is working to transform the quality of education in the region through two key areas. First, MEPI will continue to offer programs that influence the quality of education through improved curriculum content and delivery. Second, MEPI will expand its focus on strengthening democratic values in both formal and non-formal education environments by continuing to promote civic engagement and responsibility. Since a quality education is a critical building block to establishing freedom and democracy, MEPI programs are designed to increase student awareness of civic rights and responsibilities, develop their leadership skills and foster their ability to think critically. These programs will also focus on developing an understanding of the fundamental values, principles and institutions of constitutional democracy among teachers and students.

**Economic Growth (\$18.2 million):** Economic Growth programs will combine trade initiatives that encourage governments to change their policies with assistance for civil society and the business communities in the region. One example of this approach is a technical assistance program which reviews trade laws and regulations to assure their compliance with the World Trade Organization and Free Trade Agreement (FTA) obligations; provide expertise to countries in the region on the legal, regulatory, and policy aspects of intellectual property rights compliance and enforcement; and provide technical support for the negotiation and implementation of labor requirements in FTAs and Trade and Investment Framework Agreements. Other programs will focus on improving the business environment throughout the Middle East by assisting political, judicial, regulatory, and commercial leaders to make improvements to their policies, laws, and organizational structures. This funding will also make it possible to support the Fund for the Future-an entity that assists the growth of a viable middle class by investing in profit-making small- and medium-sized enterprises.

## Request by Element

(\$ in Thousands)	2006 Actual	2007 Estimate	2008 Request
<b>TOTAL</b>	114,150	*	75,000
Peace & Security	5,250	*	0
Combating Weapons of Mass Destruction (WMD)	300	*	0
Counter WMD Proliferation and Combat WMD Terrorism	300	*	0
Conflict Mitigation and Reconciliation	4,950	*	0
Peace and Reconciliation Processes	4,950	*	0
Governing Justly & Democratically	66,050	*	40,770
Rule of Law and Human Rights	16,510	*	12,600
Judicial Independence	2,000	*	0
Justice System	6,200	*	6,100
Human Rights	8,000	*	6,000
Program Support (Rule of Law)	310	*	500
Good Governance	1,230	*	3,470
Legislative Function and Processes	1,100	*	3,300
Program Support (Governance)	130	*	170
Political Competition and Consensus-Building	16,410	*	11,000
Elections and Political Processes	9,400	*	5,000
Political Parties	6,700	*	5,500
Program Support (Political Competition)	310	*	500
Civil Society	31,900	*	13,700
Civic Participation	28,400	*	8,200
Media Freedom and Freedom of Information	3,000	*	5,000
Program Support (Civil Society)	500	*	500
Investing in People	18,350	*	16,040
Education	18,350	*	16,040
Basic Education	7,450	*	8,865
Higher Education	10,900	*	7,175
Economic Growth	24,500	*	18,190
Trade and Investment	2,400	*	1,165
Trade and Investment Enabling Environment	2,200	*	1,000
Program Support (Trade)	200	*	165
Financial Sector	15,600	*	10,275
Financial Sector Enabling Environment	15,000	*	9,275
Program Support (Financial Sector)	600	*	1,000
Private Sector Competitiveness	6,500	*	6,750
Business Enabling Environment	6,100	*	6,250
Program Support (Private Sector)	400	*	500

## Multinational Forces and Observers

### Obstacles and Opportunities for Advancing Transformational Diplomacy

The Multinational Force and Observers (MFO), an independent civil/military international organization, is a critical component of the Egyptian-Israeli Peace Treaty, which in turn is a fundamental element of regional stability. The MFO monitors compliance with the Treaty and since September 2005, implementation of the Egyptian Border Guard Agreement between the two parties. It also provides an effective liaison system between the Israeli and Egyptian defense forces which is the primary mechanism for dialogue. Attaining a comprehensive peace between Israel and all of its neighbors is a fundamental U.S. goal and critical to protecting U.S. security interests in the Middle East. The Egyptian-Israeli Peace Treaty and its security arrangements, monitored by the MFO, are cornerstones of U.S. efforts to attain such a peace.

### Resources to Help Advance Regional Stability

Request by Objective  
(\$ in thousands)

Objective	FY 2006 Actual	FY 2007 Estimate	FY 2008 Request
Peace and Security	21,000	21,000	21,000
<b>Total</b>	<b>21,000</b>	<b>21,000</b>	<b>21,000</b>

**Peace and Security (\$21 million):** The United States has a firm political commitment to provide one-third of the annual MFO operating budget, with the other two-thirds provided by Israel and Egypt. FY 2008 PKO funds will be used to fulfill that U.S. pledge by financing MFO operating expenses. Subject to Congressional authorization and appropriations, the United States is committed to support the MFO's mission until the parties to the agreement that created the MFO mutually agree that the MFO is no longer necessary. The MFO's long-standing effectiveness is demonstrated by the continued compliance with the treaty and the excellent cooperation between Egyptian and Israeli officials in the treaty's liaison system. FY 2008 PKO funds will continue to provide for operating expenses, possibly also including enhanced force protection of personnel, and expanded requirements related to the Gaza disengagement, and previously planned aircraft upgrades.

## **SOUTH AND CENTRAL ASIA**



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## South and Central Asia Regional Overview

### Obstacles and Opportunities for Advancing Transformational Diplomacy

#### Request by Account

(\$ in thousands)	2006 Actual	2007 Estimate	2008 Request
Child Survival and Health	168,381	*	225,500
Development Assistance	248,639	*	69,250
Economic Support Fund	747,470	*	1,076,620
Foreign Military Financing	305,118	*	305,900
Freedom Support Act	102,012	*	81,566
International Military Education & Training	9,085	*	10,450
International Narcotics Control and Law Enforcement	267,620	*	311,750
Nonproliferation, Antiterrorism & Demining	57,536	*	56,550
Public Law 480 (Food Aid)	166,457	*	54,500
Transition Initiatives	3,497	*	0
<b>Total</b>	<b>2,075,815</b>	<b>*</b>	<b>2,192,086</b>

There are few places more critical to U.S. interests or in greater need of sustained U.S. attention than South and Central Asia. With nearly a quarter of the world's population, the region has the potential to serve as a democratic and economically vibrant force, and a positive influence on neighboring regions. It is also home to some of the world's most dangerous threats - weapons of mass destruction, violent extremism, terrorism, narcotics, poverty, pandemics, illiteracy, and corrupt institutions.

Overarching aims in the region are to win the war and secure peace, development, and democracy in Afghanistan, to build a stable, long-term relationship with Pakistan, to reinforce a firm partnership with India, and to advance the President's Freedom Agenda in Central Asia as well as South Asia. To capitalize on the many opportunities and counteract the very real and immediate threats to this agenda, the Administration will utilize regional and bilateral foreign assistance to pursue a three-pronged strategy that aims to: build regional stability through counterterrorism and conflict resolution efforts; integrate South and Central Asia with energy, infrastructure, trade, and communication projects; and build the foundations of lasting democracy - education, economic growth, and transparent government.

#### Resources to Help Advance Transformational Diplomacy

#### Request by Objective and Area for South and Central Asia

(in \$ thousands)

	FY 2006 Actual	FY 2008 Request
<b>TOTAL</b>	2,075,815	2,192,086
<b>1 Peace &amp; Security</b>	775,261	782,650
1.1 Counter-Terrorism	33,181	36,900
1.2 Combating Weapons of Mass Destruction (WMD)	6,786	7,650
1.3 Stabilization Operations and Security Sector Reform	424,770	364,600
1.4 Counter-Narcotics	279,250	339,000

1.5 Transnational Crime	4,039	3,500
1.6 Conflict Mitigation and Reconciliation	27,235	31,000
<b>2 Governing Justly &amp; Democratically</b>	<b>173,947</b>	<b>291,796</b>
2.1 Rule of Law and Human Rights	40,616	93,382
2.2 Good Governance	84,798	152,529
2.3 Political Competition and Consensus-Building	21,102	21,500
2.4 Civil Society	27,431	24,385
<b>3 Investing in People</b>	<b>416,374</b>	<b>411,300</b>
3.1 Health	279,188	290,630
3.2 Education	135,336	118,670
3.3 Social and Economic Services and Protection for Vulnerable Populations	1,850	2,000
<b>4 Economic Growth</b>	<b>604,691</b>	<b>647,430</b>
4.1 Macroeconomic Foundation for Growth	202,309	200,800
4.2 Trade and Investment	20,762	26,810
4.3 Financial Sector	18,153	23,315
4.4 Infrastructure	280,519	271,325
4.5 Agriculture	27,620	50,568
4.6 Private Sector Competitiveness	24,817	50,727
4.7 Economic Opportunity	16,604	16,885
4.8 Environment	13,907	7,000
<b>5 Humanitarian Assistance</b>	<b>105,542</b>	<b>58,910</b>
5.1 Protection, Assistance and Solutions	72,616	52,775
5.2 Disaster Readiness	14,038	6,135
5.3 Migration Management	18,888	-

**Peace and Security (\$782.6 million):** A key front in the continuing war against terrorism resides in South and Central Asia, with the potential to fuel insurgencies, destroy local economies, and corrupt governments. Insurgent forces in Afghanistan and Pakistan continue to threaten regional peace and security. The recent attacks in Pakistan, the Bangladesh bombings in 2005 and occasional large scale terrorist attacks in India, such as the July 2006, Mumbai train bombings, illustrate an increasingly hostile environment. The nations of Central Asia are increasingly facing a growing extremist threat. To ensure that interventions are sustainable and focused on lessening reliance on U.S. funds, Peace and Security resources in the region, the vast majority of which are concentrated in Afghanistan and Pakistan, are focused on building the competence of recipient governments to build and sustain their own capacity to maintain stability.

In Afghanistan by the end of 2008, with the enhanced support of NATO, the Afghan Ministry of Defense loyal to the elected Afghan government, will be fully staffed with a capable Afghan National Army. The new Army will be able to provide increased stability with support from international military forces. There will also be a robust Afghan National Police force trained and equipped officers who will enforce laws within Afghanistan's borders and gain the respect and confidence of the Afghan people. Assistance funds will also continue strong support for counter-narcotics projects, aiming to steadily reduce poppy cultivation. To achieve long-term stability and economic growth, road construction, and provision of energy services are two priority areas for foreign development assistance to Afghanistan in FY 2008.

Sustainability in establishing the peace is equally important in Pakistan. This request devotes resources to support President Musharraf's Federally Administered Tribal Areas five-year economic development plan to gain control of the border areas and to advance prosperity there. The request fulfills the President's commitment to provide \$300 million in security assistance to Pakistan through FY 2009. Additional funding is also requested to support the border security program's Air Wing and improve counterterrorism training, particularly in the Federally Administered Tribal Areas.

**Governing Justly and Democratically (\$291.8 million):** With the exception of India, democracy is fragile across the region. Afghanistan, a new democracy, needs robust support. In Pakistan, the U.S. will intensify efforts to foster full democracy by building political party, local governance, and civil society capabilities and strengthening the electoral commission. The President's FY 2008 request increases democracy assistance by over \$40 million compared with the FY 2007 request. Programs will include supporting the Afghan initiated "Justice for All" and "Afghan National Development Strategy," and working to address the continuing endemic corruption that hampers both governance and economic development in Bangladesh. Funds under this objective for Nepal, the Kyrgyz Republic and Turkmenistan will support democratic openings through local efforts to push for reform.

**Investing in People (\$411.3 million):** The desperate state of health systems in South and Central Asia and consequent global disease rates, particularly HIV/AIDS and tuberculosis, threaten the success of development and security programs in the region. The United States will continue to fund efforts throughout the region to improve the reach of health services, extend maternal and child health services, stem global disease threats and help create a clean environment with water and sanitation programs. As part of President' Emergency Plan for AIDS Relief, HIV/AIDS programs will be used to increase local capacity for a sustainable response to the epidemic in South and Central Asia.

Education, particularly of women and girls, is fundamental to improving social development in all areas. The United States will continue to support improvements to quality basic education across the region and will find innovative ways to work in the tribal areas of Pakistan. In Central Asia, assistance programs will maintain basic education and English language teaching programs, and, if local conditions permit, increase student exchanges especially for Uzbek and Turkmen youth. In addition, funds will provide assistance to the American University of Central Asia in Bishkek as a forum for regional learning and exchange.

**Economic Growth (\$647.4 million):** FY 2008 is the first year the Administration will request funding to support its regional integration mission, which aims to: foster long-term stability between Afghanistan and its neighbors; encourage energy exports from Central to South Asia; and jump start trade within the region. Working with other partners and donors, as well as the private sector, funds will initiate programs in building energy, transportation (road, rail and air), and telecommunications links across the region. Additional assistance will complement this effort by creating a supportive investment climate, and encouraging investment that has long-term pay-offs.

Host government trade reform will complements infrastructure construction and customs reform programs. The U.S. will support initiatives such as Regional Opportunity Zones in the border regions of Afghanistan and Pakistan and will support Kazakhstan's accession to the World Trade Organization. The U.S. will look for opportunities to bolster intra-regional trade and economic integration as an engine of growth, notably via the South Asia Free Trade Area, which the U.S. supports as a prospective observer in the South Asian Association for Regional Cooperation.

**Humanitarian Assistance (\$58.9 million):** The United States led the international response to Pakistan's November 2005 earthquake. In FY 2008, humanitarian assistance funds for this region will continue to focus on recovery and reconstruction, including rebuilding hospitals and schools, strengthening public health works and district government capacities, and improving the livelihoods of affected Pakistanis.

Please note that FY 2006 appropriations include P.L 480 Title II Emergency Food Aid programs allocated to countries on an as-needed basis over the course of FY 2006. The FY 2008 P.L. 480 Title II Emergency Food Aid request has not been allocated to specific countries, as emergency food aid needs will be determined on an as-needed basis over the course of FY 2008. Given that it is emergency assistance, it must be accounted for when making regional or country comparisons between FY 2006 and FY 2008. This difference, therefore, should be accounted for when making regional or country comparisons between FY 2006 and FY 2008. For SCA as a whole, emergency food aid allocations to countries in FY 2006 totaled \$86.5 million. When emergency food aid is removed from the FY 2006 country totals the picture shows an additional 3 percent increase of the changes between FY 2006 and 2008. The swing that emergency food aid can have on the interpretation of country levels can be seen in the below table.

	<b>2006 Actual</b>	<b>2008 Request</b>	<b>Change FY06 - FY08</b>	<b>Percent Change FY06 - FY08</b>
South and Central Asia, with Emergency Food Aid	2175115	2547086	371971	17%
South and Central Asia, without Emergency Food Aid	2089614	2547086	457472	22%
Examples:				
Afghanistan, with Emergency Food Aid	1010780	1422050	411270	41%
Afghanistan, without Emergency Food Aid	950749	1422050	471301	50%
Tajikistan, with Emergency Food Aid	40403	32120	-8283	-21%
Tajikistan, without Emergency Food Aid	32821	32120	-701	-2%

## AFGHANISTAN Rebuilding

### **Obstacles and Opportunities for Advancing Transformational Diplomacy**

Afghanistan plays a strategic role in support of United States' interests against terrorism, promoting democracy, and combating the most significant supply of opium-based narcotics in the world. The United States' goal is to support a transition in Afghanistan to a more liberalized, licit, market-based economy and stable, participatory, democratic government built on an accountable Afghan National Security force, able to defend its borders and provide basic security to its people. The major obstacles to Afghanistan's advancement are a lack of security, human capital, inadequate infrastructure, and an accountable, participatory, and predictable rule-based economic and political governance structure. These obstacles are evident in inadequate power supply and transportation systems, widespread corruption, lack of respect for human rights, lack of human and institutional capacity, and opium production and trafficking.

This request provides resources for a strategic, prioritized, and integrated program that will support the United States' and Afghanistan's goals and objectives for FY 2008 and beyond. An interagency review process chaired by the National Security Council determined that to best counter and prevent further insurgency the U.S. needs to focus its foreign assistance resources in five sectors (Afghanistan National Army and Police Modernization, Infrastructure, Justice, Governance and the Pakistan border). The FY 2008 budget request starts the process of shifting resources to these critical sectors, but also needs to maintain an intensive post-conflict reconstruction assistance program across the country limit further openings for the insurgency. Accelerating reconstruction efforts is a critical component of the strategy to stabilize the country against the Taliban and other insurgents.

The United States is pursuing a multi-year program of political engagement, security sector assistance, improvements to Afghan governance, rule of law, and service delivery. Economic growth initiatives focus on roads, power, agricultural and rural development, and human capital formation through basic education and health service delivery. In order to respond to changing needs on the ground and consolidate progress already achieved, the FY 2008 request represents a sectoral prioritization to bring visible signs of good governance including improved security, justice, basic service delivery, and economic reconstruction and development to provincial capitals and rural areas, with an emphasis on the South and East, where the insurgency is growing and drug production is most prevalent.

The international community strongly supports these security, governance, counter-narcotics, and economic objectives. NATO-led peacekeeping missions are scattered around the country in 25 Provincial Reconstruction Teams with further plans to expand in 2008 and support a more widespread and integrated counter-insurgency and economic development program. At the February 2006 London Conference on Afghanistan, the international community pledged more than \$10.5 billion, and endorsed the Afghanistan Compact, a post-Bonn road-map that emphasizes Afghan leadership and greater effectiveness in the reconstruction process.

## Resources to Help Advance Transformational Diplomacy

### Request by Objective

(\$ in thousands)	2006 Actual	2007 Estimate	2008 Request
Peace & Security	378,079	*	380,750
Governing Justly & Democratically	102,909	*	202,000
Investing in People	103,715	*	129,900
Economic Growth	323,046	*	354,400
Humanitarian Assistance	60,031	*	0
<b>Total</b>	<b>967,780</b>	<b>*</b>	<b>1,067,050</b>

### Request by Account

(\$ in thousands)	2006 Actual	2007 Estimate	2008 Request
Child Survival and Health	41,449	*	65,900
Development Assistance	174,021	*	0
Economic Support Fund	428,600	*	693,000
International Military Education & Training	979	*	1,700
International Narcotics Control and Law Enforcement	232,650	*	274,800
Nonproliferation, Antiterrorism & Demining	30,050	*	21,650
Public Law 480 (Food Aid)	60,031**	*	10,000
<b>Total</b>	<b>967,780</b>	<b>*</b>	<b>1,067,050</b>

\*\*FY 2006 includes \$60.031 million of P.L. 480 Title II emergency food aid. Emergency food aid has not been allocated to countries in FY 2008.

**Peace and Security (\$380.8 million):** The United States is playing a major supporting role with Afghan coalition partners in focusing resources and programs on counterterrorism, counter-narcotics, stabilization operations, security sector reform, demining, and destruction of conventional weapons. Counterterrorism funding will support Afghan leadership protection, terrorist interdiction and counter terrorist finance programs. Funds will support the mine action program and mobile weapons, ammunition, and explosive ordnance destruction teams. Approximately 20 percent (\$327 million) of Afghanistan's FY 2008 budget will sustain the counter-narcotics program - an integrated United States, Afghan, and donor strategy to combat opium poppy cultivation, opiate processing, and trafficking, which are a significant source of corruption and financing for anti-government elements. Initiatives include an opium poppy elimination program, an alternative livelihood program, an Afghan Eradication Force, a drug enforcement and interdiction program, public diplomacy efforts, drug demand reduction programs, and drug control capacity building.

**Governing Justly and Democratically (\$202.0 million):** The successful presidential and parliamentary elections in 2004 - 2005 were major milestones in the development of Afghanistan's political institutions. The United States will use FY 2008 funds to strengthen nascent democratic institutions at the national and sub-national levels in order to better serve the Afghan people and help them build a legitimate state. This includes programs involving the Executive Branch, Parliament, the judicial and correctional systems, the police, and civil society.

Of funds designated for democracy and governance, approximately \$116 million will support the Afghan-initiated, multi-donor "Justice for All" and Afghan National Development Strategy programs, including the Afghan Reconstruction Trust Fund. Approximately \$68 million will focus on linking the formal justice sector with informal customary justice systems, and improving

justice at the provincial level through capacity building, as already done in Kabul. Finally, approximately \$30 million will be used by Provincial Reconstruction Teams to stabilize the country and integrate conflict mitigation, peace, and reconciliation initiatives into rural reconstruction programs.

**Investing in People (\$129.9 million):** Funds under this objective will support projects in both the health and education sectors. Health programs will focus on improving the health of women of reproductive age and children under five, augmenting reproductive health care service delivery, preventing tuberculosis, increasing access to quality health care services, and enabling individuals, families and communities to protect their health. FY 2008 resources for health will be used to improve the quality of service delivery and expand health care at the both the provincial and central levels. This will be accomplished through training, health service delivery in 13 provinces and capacity building within the Ministry of Public Health.

In education, programmatic emphasis is placed on improving the quality of basic and higher education services, enhancing teacher competency, developing both the formal and non-formal education sectors, supporting and sustaining competent teaching, and strengthening both health and education services. Programs aim to strengthen the Ministry of Education's capacity, improving teacher performance, skills development, and ensuring adequate school materials and environments for learning. Activities are designed to emphasize critical thinking and conflict resolution.

**Economic Growth (\$354.4 million):** The Economic Growth request focuses on agricultural development, infrastructure rehabilitation, and support for trade, financial sector development, and private sector expansion. \$262 million will support road rehabilitation and modern energy services in the volatile South, where other donors are now reluctant to invest due to the insurgency and related security concerns. In the energy sector, funding will be used to continue construction of the Northern and Southern Electrical Power Systems. In agriculture, resources will help modernize commercial agriculture through high-value crop diversification and productivity enhancements.

FY 2008 funds will be used to strengthen economic governance, continue ongoing fiscal reforms, improve Central Bank operations, increase revenue generation through customs collection and tax reforms, undertake regulatory reform, and support the privatization of state-owned enterprises and utilities. Resources will promote trade and investment, strengthen financial services, increase private sector productivity, and strengthen micro-enterprise opportunities and vocational training to improve workforce skills.

### Request by Element

(\$ in Thousands)	2006 Actual	2007 Estimate	2008 Request
<b>TOTAL</b>	967,780	*	1,067,050
Peace & Security	378,079	*	380,750
Counter-Terrorism	13,320	*	2,900
Deny Terrorist Sponsorship, Support and Sanctuary	1,200	*	1,600
Governments' Capabilities	12,120	*	1,300
Combating Weapons of Mass Destruction (WMD)	400	*	750
Counter WMD Proliferation and Combat WMD Terrorism	400	*	750
Stabilization Operations and Security Sector Reform	75,809	*	19,700



(\$ in Thousands)	2006 Actual	2007 Estimate	2008 Request
Destruction and Security of Conventional Weapons	2,830	*	3,000
Explosive Remnants of War (ERW)	13,500	*	15,000
Defense, Military, and Border Restructuring, Reform and Operations	979	*	1,700
Law Enforcement Restructuring, Reform and Operations	58,500	*	0
<b>Counter-Narcotics</b>	<b>268,550</b>	<b>*</b>	<b>326,900</b>
Eradication	138,000	*	190,300
Alternative Development and Alternative Livelihoods	119,488	*	118,610
Interdiction	5,000	*	13,000
Drug Demand Reduction	3,000	*	3,000
Program Support (Narcotics)	3,062	*	1,990
<b>Transnational Crime</b>	<b>0</b>	<b>*</b>	<b>500</b>
Trafficking-in-Persons and Migrant Smuggling	0	*	500
<b>Conflict Mitigation and Reconciliation</b>	<b>20,000</b>	<b>*</b>	<b>30,000</b>
Conflict Mitigation	6,000	*	8,000
Peace and Reconciliation Processes	11,724	*	10,000
Program Support (Conflict)	2,276	*	12,000
<b>Governing Justly &amp; Democratically</b>	<b>102,909</b>	<b>*</b>	<b>202,000</b>
<b>Rule of Law and Human Rights</b>	<b>29,800</b>	<b>*</b>	<b>72,000</b>
Constitutions, Laws, and Legal Systems	600	*	835
Judicial Independence	700	*	835
Justice System	26,500	*	68,835
Human Rights	2,000	*	835
Program Support (Rule of Law)	0	*	660
<b>Good Governance</b>	<b>63,737</b>	<b>*</b>	<b>116,000</b>
Legislative Function and Processes	2,372	*	0
Public Sector Executive Function	39,000	*	90,000
Local Government and Decentralization	17,083	*	12,000
Program Support (Governance)	5,282	*	14,000
<b>Political Competition and Consensus-Building</b>	<b>3,537</b>	<b>*</b>	<b>10,000</b>
Consensus-Building Processes	0	*	2,820
Elections and Political Processes	0	*	2,820
Political Parties	3,537	*	3,700
Program Support (Political Competition)	0	*	660
<b>Civil Society</b>	<b>5,835</b>	<b>*</b>	<b>4,000</b>
Civic Participation	3,835	*	1,670
Media Freedom and Freedom of Information	2,000	*	1,670
Program Support (Civil Society)	0	*	660
<b>Investing in People</b>	<b>103,715</b>	<b>*</b>	<b>129,900</b>
<b>Health</b>	<b>52,347</b>	<b>*</b>	<b>74,400</b>
Tuberculosis	2,079	*	1,500
Other Public Health Threats	1,386	*	500
Maternal and Child Health	29,369	*	59,900
Family Planning and Reproductive Health	18,626	*	11,500
Water Supply and Sanitation	887	*	1,000
<b>Education</b>	<b>51,368</b>	<b>*</b>	<b>55,500</b>
Basic Education	37,136	*	45,500
Higher Education	14,232	*	10,000
<b>Economic Growth</b>	<b>323,046</b>	<b>*</b>	<b>354,400</b>
Trade and Investment	8,112	*	19,960
Trade and Investment Enabling Environment	8,112	*	19,190

(\$ in Thousands)	2006 Actual	2007 Estimate	2008 Request
Program Support (Trade)	0	*	770
Financial Sector	12,000	*	14,940
Financial Services	11,293	*	14,940
Program Support (Financial Sector)	707	*	0
Infrastructure	257,511	*	262,000
Modern Energy Services	38,137	*	141,405
Transport Services	217,614	*	117,405
Program Support (Infrastructure)	1,760	*	3,190
Agriculture	10,723	*	31,400
Agricultural Enabling Environment	5,823	*	21,000
Agricultural Sector Productivity	3,960	*	9,740
Program Support (Agriculture)	940	*	660
Private Sector Competitiveness	10,000	*	7,800
Private Sector Productivity	9,153	*	6,370
Program Support (Private Sector)	847	*	1,430
Economic Opportunity	13,500	*	13,300
Strengthen Microenterprise Productivity	13,500	*	13,015
Program Support (Econ Opportunity)	0	*	285
Environment	11,200	*	5,000
Natural Resources and Biodiversity	11,200	*	5,000
Humanitarian Assistance	60,031	*	0
Protection, Assistance and Solutions	60,031	*	0
Crisis Assistance and Recovery	60,031	*	0

### Statement of Changes

Afghanistan's FY 2008 request zeroes out the Development Assistance account (\$174 million in FY 2006) while increasing the Economic Support Fund by \$222 million. Between the two accounts, this results in a net increase of \$47.4 million. Given that Afghanistan is a Rebuilding country with a high degree of instability, Economic Support Funds are more suitable than Development Assistance funds. This increase is critical to fund infrastructure projects that will be the focus of reconstruction and counter-insurgency efforts.

Compared to FY 2006, key additional shifts among resources include: \$76.3 million more for energy services, \$58 million in more for democracy programs, \$15 million more for agriculture. These increases will fund critical programs to improve the daily life, institutions and livelihoods of Afghans. Compared to FY 2006, the FY 2008 request for Child Survival and Health funds also increased by \$24.5 million to focus on maternal child and health and family planning programs.

In the security sector, Afghanistan's FY 2008 request increases International Narcotics Control and Law Enforcement funding by \$46.2 million to enhance efforts to interdict traffickers of narcotics, eradicate poppy cultivation, and strengthen efforts to build the capacity of Afghanistan's judicial sector. Non-Proliferation, Anti-Terrorism, Demining and Other Related Programming decreases by \$8.4 million in the FY 2008 request compared to FY 2006 levels. The majority of the funding will continue to support ongoing demining projects and small arms and weapons elimination as well as institutionalizing the Presidential Protection Service.

**BANGLADESH**  
Developing

**Obstacles and Opportunities for Advancing Transformational Diplomacy**

Bangladesh faces numerous challenges - such as endemic corruption and a poisoned political dynamic - in its progress toward transformation. In determining the requirements to overcome these gaps, attention needs to be given to the absorptive capacity of Bangladeshi institutions to take on additional funds and the prospects for fostering the necessary political will to commit to reforms. The main opportunities for Bangladesh to advance lie in the promotion of peace and security - primarily by countering terrorism and violent extremism - and in the strengthening of democratic governance. Other opportunities include tackling the underlying social, demographic and economic factors that make Bangladesh vulnerable to violent extremism. A closely integrated program is critical to advancing the Transformational Diplomacy objectives. The FY 2008 budget continues a realignment of resources toward areas most important for this advancement. Bearing in mind the excellent coordination between the United States and other donors in Bangladesh and the relatively vast sums programmed by larger donors, this funding request also seeks to strategically place resources in targeted areas where the United States has a comparative advantage or meets an otherwise urgent and unfunded need, particularly with respect to democracy and governance, health, and education.

**Resources to Help Advance Transformational Diplomacy**

**Request by Objective**

(\$ in thousands)	2006 Actual	2007 Estimate	2008 Request
Peace & Security	7,872	*	10,625
Governing Justly & Democratically	7,359	*	21,479
Investing in People	46,334	*	66,615
Economic Growth	7,099	*	13,861
Humanitarian Assistance	15,905	*	7,210
<b>Total</b>	<b>84,569</b>	<b>*</b>	<b>119,790</b>

**Request by Account**

(\$ in thousands)	2006 Actual	2007 Estimate	2008 Request
Child Survival and Health	31,509	*	39,615
Development Assistance	10,889	*	39,650
Economic Support Fund	4,950	*	0
Foreign Military Financing	990	*	875
International Military Education & Training	930	*	800
International Narcotics Control and Law Enforcement	0	*	1,500
Nonproliferation, Antiterrorism & Demining	5,094	*	6,350
Public Law 480 (Food Aid)	30,207	*	31,000
<b>Total</b>	<b>84,569</b>	<b>*</b>	<b>119,790</b>
Peace Corps	706	*	0

**Peace and Security (\$10.6 million):** FY 2008 funding will continue support for vigorous and constructive engagement with Bangladeshi civilian, police, and military counterparts to: enhance

their capacity and willingness to counter terrorist activity and violent extremism; improve support for human rights; ensure that the military remains apolitical; and enhance the capacity of the military to engage in international peacekeeping operations. In FY 2008, Foreign Military Financing and International Military Education and Training will continue providing essential equipment to the border security forces as well as training in the tactics, operation, and maintenance of this equipment. Funding from the Non-Proliferation, Anti-Terrorism, Demining and Related Programs will support efforts to disrupt terrorist financial operations and train specialized counter-terrorist units in the police and military. Additional programs will support efforts to fight trafficking in persons, strengthen the local capacity to investigate and prosecute financial crimes and money laundering as well as narcotics interdiction efforts. The United States is a leading donor in this area, and while Bangladeshi security forces are starting from a low base, efforts to build their basic capabilities will allow for expanded programming and funding in future years.

**Governing Justly and Democratically (\$21.5 million):** Transparency and good governance are necessary foundations for peace, security, and development across all sectors. To support more effective and responsive democratic institutions in Bangladesh, the USG will promote comprehensive anti-corruption reforms; strengthen the institutions of governance, particularly at the local level; strengthen respect for human rights; and support democratic political parties. The USG will also support civil society and media groups and outreach to religious leaders and other leaders of influence. Building political will is a critical requirement to expand this area.

**Investing in People (\$66.6 million):** The enormity of the social and demographic pressures confronting the people of Bangladesh likewise threatens peace and security in this country. The United States will address these needs through focused interventions in basic education, complementing a \$1.8 billion effort by other donors, and continued need-based service delivery efforts in the health sector. Health sector programming includes a strategy to transition greater responsibility for provision of health services to the public and private sectors with a concurrent gradual redirection of funding to other program priorities. A more abrupt transition, absent appropriate and sustainable local capacities, would have a destabilizing effect, adversely impacting key indicators in these sectors.

**Linkages with the President's Plan for AIDS Relief (PEPFAR):** Bangladesh will receive significant support for bilateral HIV/AIDS programs in FY 2008, with programmatic emphasis on a range of interventions related to care, treatment, and prevention.

**Economic Growth (\$13.9 million):** In spite of robust economic growth since the early 1990s, chronic poverty continues to affect a large portion of the population, as reflected in Bangladesh's poor performance on economic growth indicators measuring income, regulatory quality, foreign direct investment, and environmental protection. Progress in the economic growth area is hampered by a high degree of market isolation, poor economic governance, a tepid enabling environment, and an excessive government "footprint" in all sectors of the economy. To expand economic opportunities and equitable growth in Bangladesh, the United States will program resources to improve the training and skills of the Bangladeshi workforce, especially unemployed youth and the landless rural poor; increase private sector growth; and expand access to economic and social infrastructure, including changes in policy and law. PL 480 funding will also fund efforts to increase agricultural sector productivity and workforce development.

**Humanitarian Assistance (\$7.2 million):** Natural disasters can overwhelm any country's coping capacity and exacerbate social and economic pressures that give rise to violent conflict. The real possibility of catastrophic natural disaster in Bangladesh could lead to millions losing much of

their assets and undermining stability throughout the region by creating vast numbers of internally displaced persons or refugees. The USG will fund protection, assistance and solutions, and disaster readiness programs.

### Request by Element

(\$ in Thousands)	2006 Actual	2007 Estimate	2008 Request
<b>TOTAL</b>	84,569	*	119,790
Peace & Security	7,872	*	10,625
Counter-Terrorism	5,094	*	6,050
Deny Terrorist Sponsorship, Support and Sanctuary	1,450	*	2,500
Governments' Capabilities	3,644	*	3,550
Combating Weapons of Mass Destruction (WMD)	0	*	300
Counter WMD Proliferation and Combat WMD Terrorism	0	*	300
Stabilization Operations and Security Sector Reform	1,920	*	1,675
Defense, Military, and Border Restructuring, Reform and Operations	1,920	*	1,675
Counter-Narcotics	0	*	600
Interdiction	0	*	300
Drug Demand Reduction	0	*	300
Transnational Crime	858	*	2,000
Financial Crimes and Money Laundering	0	*	500
Intellectual Property Theft, Corporate Espionage, and Cyber Security	0	*	200
Trafficking-in-Persons and Migrant Smuggling	700	*	1,175
Program Support (Crime)	158	*	125
Governing Justly & Democratically	7,359	*	21,479
Rule of Law and Human Rights	1,403	*	1,280
Justice System	0	*	1,000
Human Rights	1,272	*	0
Program Support (Rule of Law)	131	*	280
Good Governance	3,123	*	13,129
Legislative Function and Processes	0	*	2,000
Public Sector Executive Function	0	*	1,229
Local Government and Decentralization	1,630	*	3,000
Anti-Corruption Reforms	1,328	*	6,600
Program Support (Governance)	165	*	300
Political Competition and Consensus-Building	1,653	*	4,900
Consensus-Building Processes	0	*	1,600
Political Parties	1,044	*	3,000
Program Support (Political Competition)	609	*	300
Civil Society	1,180	*	2,170
Civic Participation	1,000	*	1,000
Media Freedom and Freedom of Information	0	*	1,000
Program Support (Civil Society)	180	*	170
Investing in People	46,334	*	66,615
Health	41,524	*	58,115
HIV/AIDS	2,376	*	3,500
Tuberculosis	3,640	*	2,400
Maternal and Child Health	15,098	*	30,457
Family Planning and Reproductive Health	18,810	*	16,758
Water Supply and Sanitation	1,600	*	5,000

(\$ in Thousands)	2006 Actual	2007 Estimate	2008 Request
Education	3,960	*	6,500
Basic Education	3,960	*	6,500
Social and Economic Services and Protection for Vulnerable Populations	850	*	2,000
Social Assistance	850	*	2,000
Economic Growth	7,099	*	13,861
Trade and Investment	198	*	0
Trade and Investment Enabling Environment	198	*	0
Infrastructure	1,265	*	2,000
Modern Energy Services	1,150	*	1,800
Program Support (Infrastructure)	115	*	200
Agriculture	3,581	*	4,731
Agricultural Enabling Environment	751	*	631
Agricultural Sector Productivity	2,800	*	4,000
Program Support (Agriculture)	30	*	100
Private Sector Competitiveness	1,065	*	5,130
Business Enabling Environment	0	*	750
Private Sector Productivity	269	*	3,000
Workforce Development	780	*	1,000
Program Support (Private Sector)	16	*	380
Environment	990	*	2,000
Natural Resources and Biodiversity	982	*	1,800
Program Support (Environment)	8	*	200
Humanitarian Assistance	15,905	*	7,210
Protection, Assistance and Solutions	1,867	*	1,075
Protection and Solutions	900	*	500
Crisis Assistance and Recovery	904	*	500
Program Support (Protection)	63	*	75
Disaster Readiness	14,038	*	6,135
Capacity Building, Preparedness, and Planning	13,528	*	3,560
Mitigation	430	*	2,500
Program Support (Disaster Readiness)	80	*	75

### Statement of Changes

Given that Bangladesh is a Developing country and one of the poorest countries in the region, Development Assistance is more suitable than Economic Support Funds. Therefore, the \$4.9 million FY 2006 Economic Support Funds for Bangladesh were phased out in the FY 2008 request in support of offsetting the dramatic \$30.0 million increase in Development Assistance. This increases funding to Good Governance, Education, Infrastructure and Private Sector Competitiveness programs, which builds on progress made in FY 2006. Child Survival and Health also received an additional \$8.1 million, which increases support to Maternal and Child Health, one of the most visible and beneficial U.S. Government programs in the region. Public Law 480 levels remained constant. Non-Proliferation, Anti-Terrorism, Demining and Other Related Programs, International Narcotics and Law Enforcement Funding increased by \$1.5 million and \$1.3 million, respectively. These increases will start new Counter-Narcotics and Transnational Crime programs and support gains already made in Counter-Terrorism and Combating Weapons of Mass Destruction programs. Building the basic capabilities of Bangladeshi security forces to investigate crime and interdict narcotics will allow the United States, as the lead donor in this area, to expand programming in future years.

**INDIA**  
Transforming

**Obstacles and Opportunities for Advancing Transformational Diplomacy**

The United States and India have initiated ambitious and multi-faceted cooperation geared toward building a new strategic partnership. This relationship is grounded in our common strategic interests of advancing global stability and prosperity, and guided by our shared values of democracy, diversity, and free markets. This highest foreign policy priority in India is to build a strong U.S.-India relationship that helps facilitate India's rise as an influential partner in the international system. To do so, India must more effectively address the developmental obstacles to the peace and security of its people.

With positive and improving economic growth-rates over the past quarter century, India is transforming. Its ability to reach its full potential is impeded by economic and developmental challenges. With one-sixth of the world's population and one-third of the world's poor, India's economic and social progress is critical. India's ability to achieve sustainable growth and reduce poverty depends greatly on its ability to stabilize its population growth, address the rise of infectious diseases such as HIV/AIDS, increase energy security, improve agricultural productivity, and promote economic opportunity. U.S. foreign assistance helps diminish the conditions that permit and/or promote extremism by focusing on the most underserved and poorest segments of the population.

**Resources to Help Advance Transformational Diplomacy**

**Request by Objective**

(\$ in thousands)	2006 Actual	2007 Estimate	2008 Request
Peace & Security	3,983	*	4,400
Governing Justly & Democratically	926	*	0
Investing in People	103,981	*	75,700
Economic Growth	16,059	*	900
<b>Total</b>	<b>124,949</b>	*	<b>81,000</b>

**Request by Account**

(\$ in thousands)	2006 Actual	2007 Estimate	2008 Request
Child Survival and Health	52,815	*	62,200
Development Assistance	19,700	*	900
Economic Support Fund	4,950	*	0
International Military Education & Training	1,272	*	1,300
International Narcotics Control and Law Enforcement	0	*	400
Nonproliferation, Antiterrorism & Demining	2,711	*	2,700
Public Law 480 (Food Aid)	43,501	*	13,500
<b>Total</b>	<b>124,949</b>	*	<b>81,000</b>

**Peace and Security (\$4.4 million):** U.S. assistance will support programs that provide military training, improve India's capabilities to counter terrorism and deny terrorist sponsorship, support the monitoring of transnational crime and counter narcotics programs. Assistance will also bolster the protection of intellectual property rights and prevent the proliferation of weapons of mass destruction. International Military and Education Training will focus on programs to enhance

military professionalism and facilitate cooperation and interoperability during joint exercises and military operations between the United States and India. These programs will strengthen India's capability to contribute to peacekeeping initiatives and the Global War on Terrorism. Non-proliferation, Anti-terrorism, De-mining and related programs will support training courses to improve India's law enforcement officials' ability to respond to terrorist threats. Training will help India to manage major incidents of terrorism and to mobilize domestic regions to work together on trans-regional problems. In addition, the border security program will help India improve its strategic trade and related border control systems. The program is designed to bring export and import control systems up to international standards.

**Investing in People (\$75.7 million):** India faces major obstacles in raising the education, health, and economic levels of its people. Funds under this objective will be used to integrate health services and nutrition to improve survival of children and their mothers, stem global disease threats (particularly HIV/AIDS and tuberculosis), and help India manage the growth of its rapidly increasing population.

Linkages with the President's Plan for AIDS Relief (PEPFAR): India will receive significant support for bilateral HIV/AIDS programs in FY 2008, with programmatic emphasis on a range of interventions related to care, treatment, and prevention. India will also receive PEPFAR resources for HIV/AIDS outside of the Foreign Operations appropriations.

**Economic Growth (\$0.9 million):** U.S. assistance will support initiatives to facilitate the opening of India's agricultural markets with active private sector participation. The activities will support the Agriculture Knowledge Initiative launched by the President in 2006. Funds also will be used to improve access to electricity services and increase environmentally sound and efficient technologies and approaches.

### Request by Element

(\$ in Thousands)	2006 Actual	2007 Estimate	2008 Request
<b>TOTAL</b>	124,949	*	81,000
Peace & Security	3,983	*	4,400
Counter-Terrorism	2,286	*	2,000
Deny Terrorist Sponsorship, Support and Sanctuary	2,286	*	1,000
Governments' Capabilities	0	*	1,000
Combating Weapons of Mass Destruction (WMD)	425	*	700
Counter WMD Proliferation and Combat WMD Terrorism	425	*	700
Stabilization Operations and Security Sector Reform	1,272	*	1,300
Defense, Military, and Border Restructuring, Reform and Operations	1,272	*	1,300
Counter-Narcotics	0	*	400
Drug Demand Reduction	0	*	400
Governing Justly & Democratically	926	*	0
Rule of Law and Human Rights	926	*	0
Human Rights	871	*	0
Program Support (Rule of Law)	55	*	0
Investing in People	103,981	*	75,700
Health	98,553	*	75,700
HIV/AIDS	16,335	*	23,500
Tuberculosis	4,653	*	4,700
Other Public Health Threats	1,485	*	0



(\$ in Thousands)	2006 Actual	2007 Estimate	2008 Request
Maternal and Child Health	59,003	*	32,500
Family Planning and Reproductive Health	14,840	*	15,000
Water Supply and Sanitation	2,237	*	0
Education	5,428	*	0
Basic Education	5,428	*	0
Economic Growth	16,059	*	900
Trade and Investment	1,500	*	0
Trade and Investment Capacity	1,450	*	0
Program Support (Trade)	50	*	0
Infrastructure	10,960	*	300
Modern Energy Services	10,329	*	230
Program Support (Infrastructure)	631	*	70
Agriculture	1,690	*	600
Agricultural Enabling Environment	1,100	*	475
Agricultural Sector Productivity	390	*	0
Program Support (Agriculture)	200	*	125
Private Sector Competitiveness	150	*	0
Workforce Development	150	*	0
Economic Opportunity	1,609	*	0
Strengthen Microenterprise Productivity	1,343	*	0
Program Support (Econ Opportunity)	266	*	0
Environment	150	*	0
Clean Productive Environment	100	*	0
Program Support (Environment)	50	*	0

### Statement of Changes

India's economy is presently growing at over 8 percent a year - making it one of the world's best-performing economies for a quarter century. Because of impressive economic growth trends, the FY 2008 U.S. foreign assistance request level for India decreased by 35 percent to \$81.0 million from the FY 2006 level of \$124.9 million. The FY 2008 budget request for Development Assistance dropped by \$18.7 million (95%), Economic Support Fund by \$5.0 million (100%), and P.L. 480 by \$30 million (69%). The Child Survival and Health programs request level reflects an increase of \$9.4 million over FY 2006. This increase represents a strategic shift to focus U.S. resources on energy, health, and agriculture. Compared to FY 2006, there is a slight increase in funding in the FY 2008 request under the Peace and Security objective for International Military Education and Training and in Non-Proliferation, Anti-Terrorism, Demining and Other Related Programs supporting Defense, Military, and Border Restructuring, anti-terrorism and countering Weapons of Mass Destruction proliferation. These funds are necessary to facilitate interoperability during joint exercises and military operations between the United States and India and to enhance the Government of India's ability to focus on counter-narcotics, proliferation of weapons of mass destruction, and transnational crimes.

**KAZAKHSTAN**  
Developing

**Obstacles and Opportunities for Advancing Transformational Diplomacy**

Kazakhstan is a key U.S. partner in Central Asia. The major obstacles to Kazakhstan's further advancement are an economy dominated by oil exports, a restrictive political environment, and border security concerns. Despite recent years of rapid oil-driven growth, poverty persists in much of Kazakhstan and the economy is undeveloped outside of the energy sector. While Kazakhstan has demonstrated some progress in Governing Justly and Democratically, elections have not met international standards, opposition political parties are largely kept out of the national dialogue, and non-governmental media holdings are for the most part unable to offer objective information. Kazakhstan's vast land and sea borders are not sufficiently guarded against trafficking in narcotics, persons, conventional weapons, and weapons of mass destruction. Kazakhstan seeks a reformed defense establishment with NATO-interoperable units to allow it to better participate in international operations. Internally, Kazakhstan is threatened by the spread of communicable diseases, particularly HIV/AIDS and tuberculosis

**Resources to Help Advance Transformational Diplomacy**

**Request by Objective**

(\$ in thousands)	2006 Actual	2007 Estimate	2008 Request
Peace & Security	10,521	*	8,400
Governing Justly & Democratically	6,405	*	4,500
Investing in People	3,777	*	3,500
Economic Growth	10,548	*	5,197
<b>Total</b>	<b>31,251</b>	<b>*</b>	<b>21,597</b>

**Request by Account**

(\$ in thousands)	2006 Actual	2007 Estimate	2008 Request
Foreign Military Financing	3,465	*	2,000
Freedom Support Act	24,750	*	14,397
International Military Education & Training	995	*	1,000
Nonproliferation, Antiterrorism & Demining	2,041	*	4,200
<b>Total</b>	<b>31,251</b>	<b>*</b>	<b>21,597</b>
Peace Corps	2532	*	2718

**Peace and Security (\$8.4 million):** The United States can best assist Kazakhstan in this program area by focusing on stabilization operations, security sector reform and cooperative activities to combat the proliferation of weapons of mass destruction. Funding for stabilization operations and security sector reform will help Kazakhstan establish a professional, NATO-interoperable military capable of combating terrorism and protecting its territory. U.S. assistance will further enhance the ability of Kazakhstan's military forces to participate in coalition operations, building upon its experience from current deployments in Iraq. To address illicit trafficking in conventional weapons, U.S. assistance will support the elimination of excess and obsolete military stockpiles and ensure that Kazakhstan has the ability to license and control dual-use items and maintain robust control lists. A key area of cooperation is combating the proliferation of WMD, which the United States works to counter through programs to improve the prevention and interdiction capabilities of the Government of Kazakhstan.

Counter-terrorism, transnational crime, and counter-narcotics assistance will help Kazakhstan address threats to internal stability and improve law enforcement capabilities. In the area of transnational crime, funds are invested in training and technical assistance to strengthen the ability of law enforcement to combat trafficking in persons and migrant smuggling. The United States will provide training and assistance to investigators and financial institutions to fight financial crimes and money laundering. To counter drug trafficking, funds are invested to improve interdiction capabilities and to reduce demand. Other assistance programs will focus on continued engagement with the Kazakhstan's Border Guard Institute and Customs Academy, as well as equipping model ports of entry, to strengthen security at the border. U.S. assistance will also strengthen border security through the establishment of counter-narcotics checkpoints and through the provision of training and equipment to selected border posts. In addition, the United States will work with Kazakhstan to track illicit proceeds in order to dismantle transnational drug networks.

**Governing Justly and Democratically (\$4.5 million):** If Kazakhstan is to progress, it will need to strengthen political rights and civil liberties. Significant resources will be invested in these areas along with promotion of diverse political parties, support for human rights, and assistance to promote democratic reform. The goal for this sector is to maintain a multi-faceted and comprehensive set of programs that will effectively aid and encourage Kazakhstan's efforts to reform its political culture. In the area of civil society, assistance funds will increase the sustainability of non-governmental organizations and bolster their capacity to build coalitions and promote genuine reform. Assistance programs will support implementation of democratic reforms, focusing on decentralization and strengthening local government by increasing the availability of information and promoting public engagement on policy issues. Satellite programming will be one mean to increase the public's access to objective information as well as support for the production of programming focused on policy debate. In the area of rule of law, U.S. assistance will strengthen the justice sector by providing training and technical assistance. U.S. assistance will promote human rights by strengthening the ability of local organizations to monitor abuses and assisting them to advocate for changes in laws and practices.

**Investing in People (\$3.5 million):** The U.S. Government categorizes Kazakhstan as a Developing Country under the new foreign assistance framework. Belying its classification, Kazakhstan scores higher on social sector performance indicators than many countries in the more developed Transforming category. However, in the area of health and education expenditures, Kazakhstan lags significantly behind. To address this issue, U.S. assistance funds are invested in health - particularly HIV/AIDS, tuberculosis, maternal and child health, and other public health threats.

Linkages with the President's Plan for AIDS Relief (PEPFAR): Kazakhstan will receive significant support for bilateral HIV/AIDS programs in FY 2008, with programmatic emphasis on a range of interventions related to care, treatment, and prevention.

**Economic Growth (\$5.2 million):** Primarily due to its oil wealth, Kazakhstan continues to enjoy robust growth in the energy sector. U.S. assistance will seek to broaden economic growth both industrially and geographically by focusing on the promotion of private sector competitiveness, small and medium-sized enterprise development, and reform of the trade and investment enabling environment. The economic assistance programming has been designed as a transitioning partnership between the U.S. Government and the Government of Kazakhstan. Over time, U.S. investment in the program will decrease as the Kazakhstan's share increases. In four years, the

Government of Kazakhstan will take full financial ownership of the program. U.S. support will continue, however, for the development of regional energy markets linking Central and South Asia.

### Request by Element

(\$ in Thousands)	2006 Actual	2007 Estimate	2008 Request
<b>TOTAL</b>	<b>31,251</b>	<b>*</b>	<b>21,597</b>
Peace & Security	10,521	*	8,400
Counter-Terrorism	991	*	1,500
Deny Terrorist Sponsorship, Support and Sanctuary	0	*	500
Governments' Capabilities	991	*	1,000
Combating Weapons of Mass Destruction (WMD)	2,150	*	2,000
Counter WMD Proliferation and Combat WMD Terrorism	2,040	*	2,000
Program Support (WMD)	110	*	0
Stabilization Operations and Security Sector Reform	5,365	*	4,200
Destruction and Security of Conventional Weapons	0	*	700
Defense, Military, and Border Restructuring, Reform and Operations	4,460	*	3,000
Law Enforcement Restructuring, Reform and Operations	891	*	490
Program Support (Stabilization)	14	*	10
Counter-Narcotics	500	*	500
Interdiction	490	*	392
Drug Demand Reduction	0	*	98
Program Support (Narcotics)	10	*	10
Transnational Crime	1,515	*	200
Financial Crimes and Money Laundering	245	*	0
Trafficking-in-Persons and Migrant Smuggling	1,181	*	188
Program Support (Crime)	89	*	12
Governing Justly & Democratically	6,405	*	4,500
Rule of Law and Human Rights	1,552	*	1,000
Justice System	857	*	453
Human Rights	550	*	453
Program Support (Rule of Law)	145	*	94
Political Competition and Consensus-Building	345	*	1,000
Consensus-Building Processes	0	*	454
Political Parties	313	*	454
Program Support (Political Competition)	32	*	92
Civil Society	4,508	*	2,500
Civic Participation	2,857	*	1,388
Media Freedom and Freedom of Information	1,313	*	925
Program Support (Civil Society)	338	*	187
Investing in People	3,777	*	3,500
Health	3,732	*	3,500
HIV/AIDS	1,324	*	1,500
Tuberculosis	965	*	875
Other Public Health Threats	1,350	*	125
Maternal and Child Health	0	*	225
Family Planning and Reproductive Health	93	*	775
Education	45	*	0

(\$ in Thousands)	2006 Actual	2007 Estimate	2008 Request
Higher Education	45	*	0
Economic Growth	10,548	*	5,197
Macroeconomic Foundation for Growth	776	*	300
Fiscal policy	583	*	262
Monetary policy	93	*	0
Program Support (Macro Econ)	100	*	38
Trade and Investment	1,324	*	675
Trade and Investment Enabling Environment	1,078	*	596
Trade and Investment Capacity	92	*	0
Program Support (Trade)	154	*	79
Financial Sector	680	*	275
Financial Sector Enabling Environment	594	*	0
Financial Services	0	*	240
Program Support (Financial Sector)	86	*	35
Infrastructure	642	*	300
Modern Energy Services	560	*	262
Program Support (Infrastructure)	82	*	38
Agriculture	50	*	397
Agricultural Sector Productivity	47	*	397
Program Support (Agriculture)	3	*	0
Private Sector Competitiveness	6,707	*	3,250
Business Enabling Environment	2,388	*	1,746
Private Sector Productivity	3,467	*	1,091
Program Support (Private Sector)	852	*	413
Economic Opportunity	369	*	0
Policy Environment for Micro and Small Enterprises	322	*	0
Program Support (Econ Opportunity)	47	*	0

### Statement of Changes

Funding for Kazakhstan has decreased from FY 2006 levels by account with the exception of Nonproliferation, Anti-terrorism and Demining funds, which have been increased to reflect the priority of securing borders and combating extremism. Among program elements, reductions in the Economic Growth area were the most significant and represent the steepest downward funding trend for Kazakhstan. This reduction is the result of Kazakhstan's sustained economic growth and the government's decision to share the cost of U.S.-sponsored economic development programs. In addition, funding has been reduced as a result of Kazakhstan's significant progress in reforming the business and agricultural environments and its increasing ability to attract foreign investment. Within the decreasing bilateral budget, funding under Governing Justly and Democratically remains an important focus; these programs will continue to account for 20 percent of the budget.

## KYRGYZ REPUBLIC

Developing

### Obstacles and Opportunities for Advancing Transformational Diplomacy

The central obstacles to the Kyrgyz Republic's transformation are continuing political turmoil and rampant corruption. Both undermine effective governance and feed public cynicism about the political process. Lack of employment opportunities and economic growth are also impediments to the Kyrgyz Republic's future stability and to the survival of democratic institutions. In addition to internal problems, cross-border threats, especially the drug trade and the movement of terrorist groups, threaten to spark regional instability within South and Central Asia.

An important focus of U.S. assistance is strengthening the Government of the Kyrgyz Republic's capabilities to fight terrorism, halt narcotics trafficking, and combat other transnational threats. In addition, although many of the perceived opportunities for progress that followed the "Tulip Revolution" have yet to materialize, there have been signs of progress and concrete areas for increased cooperation still exist. The Government of the Kyrgyz Republic recognizes the importance of advancing reform and welcomes U.S. assistance in improving security, promoting economic development, and addressing social issues. Progress on strengthening democratic institutions and fighting corruption has been uneven.

### Resources to Help Advance Transformational Diplomacy

#### Request by Objective

(\$ in thousands)	2006 Actual	2007 Estimate	2008 Request
Peace & Security	9,207	*	8,700
Governing Justly & Democratically	7,810	*	8,000
Investing in People	3,738	*	4,050
Economic Growth	13,209	*	8,265
Humanitarian Assistance	750	*	500
<b>Total</b>	<b>34,714</b>	*	<b>29,515</b>

#### Request by Account

(\$ in thousands)	2006 Actual	2007 Estimate	2008 Request
Foreign Military Financing	1,881	*	1,500
Freedom Support Act	29,029	*	23,815
International Military Education & Training	887	*	1,200
Nonproliferation, Antiterrorism & Demining	2,917	*	3,000
<b>Total</b>	<b>34,714</b>	*	<b>29,515</b>
Peace Corps	1811	*	1914

**Peace and Security (\$8.7 million):** The United States can best assist the Kyrgyz Republic in this program area by focusing on, security sector reform, counter-narcotics efforts, and cooperative activities to combat the proliferation of weapons of mass destruction. Supporting military and border security restructuring, reform and operations can make an immediate and lasting impact on peace and security in the Kyrgyz Republic and the region. Ill-equipped and poorly trained military personnel and border guards are unable to combat numerous cross-border threats. Assistance to the Government of the Kyrgyz Republic's Security and Armed Forces will help improve overall governmental security capacity. In the area of counter-narcotics, U.S. funds will

help the Ministry of Internal Affairs and the Drug Control Agency improve interdiction capabilities. U.S investments in law enforcement, reform, restructuring, and operations will help the Government of the Kyrgyz Republic fight trafficking in persons, financial crimes, money laundering, and narcotics smuggling. The United States will also help prevent the proliferation of weapons of mass destruction by working to secure the Kyrgyz Republic's vulnerable borders.

**Governing Justly and Democratically (\$8.0 million):** Independent assessments indicate that the Kyrgyz Republic's democratic institutions perform far below the average for transforming countries. Despite being the most democratic state in Central Asia, the Kyrgyz Republic continues to lag, particularly in the areas of political rights, civil liberties, and independent media. The goal for this sector is to maintain a multi-faceted and comprehensive set of programs that will effectively aid and encourage the Kyrgyz Republic's efforts to reform its political culture. U.S. resources are focused on promoting good governance via local government reform and decentralization. Programs will work to further political and financial decentralization, strengthen elected local governments, and implement anti-corruption measures. Programs to strengthen civil society and promote media freedom will help foster checks and balances against government power. Assistance will also expand public access to information via satellite television, internet, and other media. Funding to promote democratic political and electoral processes aims to instill greater public confidence and reduce political turmoil. Assistance to strengthen the rule of law and human rights are an important part of this effort.

**Investing in People (\$4.1 million):** The Kyrgyz Republic surpasses or equals the average Transforming country score for all indicators except health and education expenditures. Due in part to U.S. assistance, public health system reform in the Kyrgyz Republic has become a model for Eurasian countries. U.S. assistance will support Government of the Kyrgyz Republic efforts to institute health system reforms and ensure the provision of quality, client-oriented, cost-effective primary health care services. A substantial portion of funding under this heading will go toward rectifying lingering problems in maternal and child health care. U.S. programs will work to prevent the spread of HIV/AIDS, tuberculosis and other diseases as part of the effort to protect the most vulnerable populations in the Kyrgyz Republic. Funding for teacher training and other activities in support of basic education will help reform a system which has severely deteriorated since Soviet times.

**Linkages with the President's Plan for AIDS Relief (PEPFAR):** The Kyrgyz Republic will receive significant support for bilateral HIV/AIDS programs in FY 2008, with programmatic emphasis on a range of interventions related to care, treatment, and prevention.

**Economic Growth (\$8.3 million):** As the Kyrgyz Republic's economy is overwhelmingly agrarian, investing in agricultural sector productivity will have a substantial impact throughout the country. A significant portion of U.S. assistance will support Kyrgyz efforts to build agribusiness competitiveness, improve local processing capacity, and expand export markets for Kyrgyz agricultural products. Linked to the success of agribusiness is the need to improve the business enabling environment and strengthen trade and investment. U.S. assistance will also help foster regional cooperation in trade policy to lower trade barriers, reduce trade associated costs, and increase the gains from international trade. In order to meet growing demand for electricity in South Asia and to increase revenue, U.S. assistance will promote policy and institutional reforms needed to improve energy sector performance and enable Kyrgyz participation in a regional energy market.

**Humanitarian Assistance (\$0.5 million):** Kyrgyz health and social welfare agencies are unable to assist the Kyrgyz Republic's most vulnerable populations. Humanitarian assistance

temporarily meets the basic needs of orphans, the elderly, and other institutionalized populations while the Government of the Kyrgyz Republic builds its capacity. Until the Government is able to meet the needs of these vulnerable groups, it will be difficult for the country to progress. These programs relieve suffering and at the same time identify areas where governmental services need improvement.

### Request by Element

(\$ in Thousands)	2006 Actual	2007 Estimate	2008 Request
<b>TOTAL</b>	34,714	*	29,515
Peace & Security	9,207	*	8,700
Counter-Terrorism	2,107	*	2,000
Deny Terrorist Sponsorship, Support and Sanctuary	0	*	500
Governments' Capabilities	2,107	*	1,500
Combating Weapons of Mass Destruction (WMD)	1,560	*	1,000
Counter WMD Proliferation and Combat WMD Terrorism	1,462	*	1,000
Program Support (WMD)	98	*	0
Stabilization Operations and Security Sector Reform	4,370	*	4,000
Defense, Military, and Border Restructuring, Reform and Operations	2,768	*	2,700
Law Enforcement Restructuring, Reform and Operations	1,578	*	1,274
Program Support (Stabilization)	24	*	26
Counter-Narcotics	900	*	1,500
Interdiction	886	*	1,477
Program Support (Narcotics)	14	*	23
Transnational Crime	270	*	200
Trafficking-in-Persons and Migrant Smuggling	244	*	181
Program Support (Crime)	26	*	19
Governing Justly & Democratically	7,810	*	8,000
Rule of Law and Human Rights	716	*	1,000
Judicial Independence	492	*	0
Justice System	0	*	480
Human Rights	195	*	480
Program Support (Rule of Law)	29	*	40
Good Governance	2,546	*	3,000
Legislative Function and Processes	195	*	0
Local Government and Decentralization	1,836	*	2,193
Anti-Corruption Reforms	295	*	548
Program Support (Governance)	220	*	259
Political Competition and Consensus-Building	1,025	*	1,200
Consensus-Building Processes	293	*	0
Elections and Political Processes	0	*	633
Political Parties	634	*	452
Program Support (Political Competition)	98	*	115
Civil Society	3,523	*	2,800
Civic Participation	2,447	*	1,872
Media Freedom and Freedom of Information	849	*	748
Program Support (Civil Society)	227	*	180
Investing in People	3,738	*	4,050
Health	3,738	*	3,050
HIV/AIDS	1,185	*	1,000
Tuberculosis	737	*	750



(\$ in Thousands)	2006 Actual	2007 Estimate	2008 Request
Other Public Health Threats	1,648	*	400
Maternal and Child Health	0	*	900
Family Planning and Reproductive Health	168	*	0
Education	0	*	1,000
Basic Education	0	*	1,000
Economic Growth	13,209	*	8,265
Macroeconomic Foundation for Growth	761	*	300
Fiscal policy	662	*	261
Program Support (Macro Econ)	99	*	39
Trade and Investment	824	*	1,000
Trade and Investment Enabling Environment	581	*	627
Trade and Investment Capacity	156	*	268
Program Support (Trade)	87	*	105
Financial Sector	2,126	*	500
Financial Sector Enabling Environment	1,281	*	0
Financial Services	588	*	440
Program Support (Financial Sector)	257	*	60
Infrastructure	664	*	500
Modern Energy Services	584	*	440
Program Support (Infrastructure)	80	*	60
Agriculture	3,604	*	4,300
Agricultural Enabling Environment	532	*	0
Agricultural Sector Productivity	2,642	*	3,787
Program Support (Agriculture)	430	*	513
Private Sector Competitiveness	4,493	*	1,665
Business Enabling Environment	2,626	*	1,464
Private Sector Productivity	1,323	*	0
Program Support (Private Sector)	544	*	201
Economic Opportunity	737	*	0
Policy Environment for Micro and Small Enterprises	529	*	0
Strengthen Microenterprise Productivity	119	*	0
Program Support (Econ Opportunity)	89	*	0
Humanitarian Assistance	750	*	500
Protection, Assistance and Solutions	750	*	500
Crisis Assistance and Recovery	750	*	500

#### **Linkages with the Millennium Challenge Corporation (MCC)**

The Kyrgyz Republic was selected as a Millennium Challenge Threshold Country. Its Threshold Country Plan, currently under consideration by the Millennium Challenge Corporation, focuses on anti-corruption measures, including justice sector reform, restructuring the office and authorities of the Prosecutor General, and combating corruption in law enforcement. The Millennium Challenge Corporation Threshold assistance will be carefully implemented in order to complement existing programs and avoid redundant efforts. In advance of the Millennium Challenge Corporation decision, U.S. assistance funds will support a Department of Justice Resident Legal Advisor stationed in Bishkek to work on rule of law and justice sector reform.

### **Statement of Changes**

Funding for the Kyrgyz Republic declined from FY 2006 levels by account with the exception of the International Military Training and Exchanges and Nonproliferation, Anti-terrorism and Demining accounts, which have been increased to reflect the U.S. priority to secure borders and combat extremism in the region. Among program elements, reductions under Economic Growth were the most significant and represent the steepest downward funding trend for the Kyrgyz Republic. These reductions will allow the United States to maintain funding for the priority programs under the Peace and Security and Governing Justly and Democratically objectives. Funding in these areas will work to further democratic reforms and strengthen governance that began in the aftermath of the "Tulip" Revolution in 2005 and help stem the tide of illicit drugs and the rise of extremism in the region.

**MALDIVES**  
Developing

**Obstacles and Opportunities for Advancing Transformational Diplomacy**

The major obstacle to the advancement of the Maldives is the need to continue to implement democratic reforms announced in 2003. The lack of separation of powers has hindered democratic development. Building up the capacity and legitimacy of political parties, is also vital, along with building government and civil society institutions characteristic of a democratic state. The 2004 tsunami hit the Maldives hard, causing an estimated \$450 million in damages. Continuing economic recovery, especially in the country's largest economic sector, tourism, must be a high priority. Other priorities include political reform and economic growth to assist the Maldives' development as a modern, democratic, prosperous, moderate Islamic country, as well as to develop professional and accountable security forces.

**Resources to Help Advance Transformational Diplomacy**

**Request by Objective**

(\$ in thousands)	2006 Actual	2007 Estimate	2008 Request
Peace & Security	173	*	195
<b>Total</b>	<b>173</b>	<b>*</b>	<b>195</b>

**Request by Account**

(\$ in thousands)	2006 Actual	2007 Estimate	2008 Request
International Military Education & Training	173	*	195
<b>Total</b>	<b>173</b>	<b>*</b>	<b>195</b>

**Peace and Security (\$0.20 million):** U.S. assistance will support security sector reform, restructuring, and operations, with a focus on professionalization, increased awareness of human rights, and enhanced interoperability with U.S. forces. The security services play an important role in the country's political reform process. The U.S. has supported engagement with the security services as they transition to an independent role in a democratic system.

**Request by Element**

(\$ in Thousands)	2006 Actual	2007 Estimate	2008 Request
<b>TOTAL</b>	173	*	195
Peace & Security	173	*	195
Stabilization Operations and Security Sector Reform	173	*	195
Defense, Military, and Border Restructuring, Reform and Operations	173	*	195

**Statement of Changes**

Compared to FY 06 levels, the FY 2008 request for International Military Education and Training funds for Maldives increased by \$22,000. This builds on gains made in Security Sector Reform under the Peace and Security Objective.

**NEPAL**  
Rebuilding

**Obstacles and Opportunities for Advancing Transformational Diplomacy**

The major obstacle to Nepal's advancement is a ten-year Maoist insurgency that has forced the retreat of the Government from much of the countryside. The resulting vacuum has displaced thousands from their homes and impeded service delivery, tourism, local development, and both foreign and domestic investment. Ongoing efforts to resolve the insurgency through negotiations and the concurrent effort to establish lasting democracy in Nepal offer extraordinary opportunities for transformational diplomacy. U.S. assistance will help push the peace process forward, and at the same time restore service delivery and expand law and order in order to strengthen the foundation for stability and advancement.

**Resources to Help Advance Transformational Diplomacy**

**Request by Objective**

(\$ in thousands)	2006 Actual	2007 Estimate	2008 Request
Peace & Security	4,488	*	6,140
Governing Justly & Democratically	1,490	*	2,500
Investing in People	21,971	*	17,985
Economic Growth	6,420	*	0
Humanitarian Assistance	1,213	*	0
<b>Total</b>	<b>35,582</b>	<b>*</b>	<b>26,625</b>

**Request by Account**

(\$ in thousands)	2006 Actual	2007 Estimate	2008 Request
Child Survival and Health	18,613	*	17,985
Development Assistance	8,393	*	4,000
Economic Support Fund	4,950	*	0
International Military Education & Training	644	*	790
International Narcotics Control and Law Enforcement	0	*	2,700
Nonproliferation, Antiterrorism & Demining	0	*	1,150
Public Law 480 (Food Aid)	1,213**	*	0
Transition Initiatives	1,769	*	0
<b>Total</b>	<b>35,582</b>	<b>*</b>	<b>26,625</b>

\*\*FY 2006 includes \$1.213 million of P.L. 480 Title II emergency food aid. Emergency food aid has not been allocated to countries in FY 2008.

**Peace and Security (\$6.1 million):** The United States can best assist Nepal in establishing peace and security by supporting a Disarmament, Demobilization, and Reintegration program for ex-combatants, reducing the prospects of renewed hostilities between the Government and the Maoists. The USG will also support conflict mitigation and peace and reconciliation processes by strengthening government responsiveness to its citizens. U.S. assistance also will be critical to efforts to improve law enforcement capabilities as the Government attempts to restore law and order throughout the country, a formidable task after ten years of atrophy. International Military Education and Training and Non-proliferation, Anti-Terrorism and Demining and Related Programs will continue to develop the Nepal Army's and the Nepal Police's general professionalism as well as promote increased respect for human rights and civilian authority.

**Governing Justly and Democratically (\$2.5 million):** To achieve broad improvement in the criminal justice system, prosecutorial capabilities must be strengthened in tandem with those of the police. U.S. International Narcotic and Law Enforcement and Anti-Terrorism Assistance will help make that a reality. In addition, programs to educate citizens about the political process and increase their participation in political life will increase the sense of popular investment in the political process, crucial to making participatory democracy lasting in Nepal. Additional programs will also support increased civil society participation and democratic governance at the local level by training community groups to utilize principles of participation, representation, transparency, and accountability in the management of their natural resources. The program will create an appreciation for the principles of good governance and respect for the rule of law at the grassroots level.

In addition, the Office Transition Initiatives will request funding for a program that will further support the peace and reconciliation process by developing the capacity of government and civil society and increase engagement of societal leaders in participatory governance processes.

**Investing in People (\$18.0 million):** One of the fundamental objectives of the Rebuilding country category is to build indigenous capacity to restart the delivery of and provide more equitable access to critical social services. This program will strengthen the government's ability to provide basic services to its citizens, thereby enhancing the visibility, legitimacy, and effectiveness of local and national government.

Child Survival and Health assistance will reduce maternal and child mortality through scale-up of proven interventions like community-based treatment for childhood illnesses, and field testing of new interventions for maternal and newborn survival. Voluntary family planning services will be enhanced through training, strengthened systems and policies, and increasing commodity availability. The program also addresses other public health threats by improving disease surveillance and prevention of infectious diseases. HIV/AIDS transmission will be reduced with prevention services; voluntary testing/counseling; and care, support and treatment.

These health programs will be carefully designed to target to conflict mitigation. For example, programs will train female community health volunteers, extend maternal and child health services to underserved and conflict-affected areas of Nepal, and will help contain the HIV-AIDS epidemic threatening the economic development and social cohesion of the country.

### Request by Element

(\$ in Thousands)	2006 Actual	2007 Estimate	2008 Request
<b>TOTAL</b>	35,582	*	26,625
Peace & Security	4,488	*	6,140
Counter-Terrorism	0	*	1,150
Deny Terrorist Sponsorship, Support and Sanctuary	0	*	150
Governments' Capabilities	0	*	1,000
Stabilization Operations and Security Sector Reform	644	*	4,490
Disarmament, Demobilization & Reintegration (DDR)	0	*	1,780
Defense, Military, and Border Restructuring, Reform and Operations	644	*	790
Law Enforcement Restructuring, Reform and Operations	0	*	1,700
Program Support (Stabilization)	0	*	220
Transnational Crime	297	*	0

(\$ in Thousands)	2006 Actual	2007 Estimate	2008 Request
Trafficking-in-Persons and Migrant Smuggling	297	*	0
Conflict Mitigation and Reconciliation	3,547	*	500
Conflict Mitigation	570	*	0
Peace and Reconciliation Processes	2,977	*	445
Program Support (Conflict)	0	*	55
Governing Justly & Democratically	1,490	*	2,500
Rule of Law and Human Rights	325	*	1,000
Justice System	325	*	1,000
Good Governance	175	*	0
Anti-Corruption Reforms	175	*	0
Political Competition and Consensus-Building	990	*	500
Elections and Political Processes	0	*	445
Political Parties	990	*	0
Program Support (Political Competition)	0	*	55
Civil Society	0	*	1,000
Civic Participation	0	*	890
Program Support (Civil Society)	0	*	110
Investing in People	21,971	*	17,985
Health	18,613	*	17,985
HIV/AIDS	7,326	*	4,000
Other Public Health Threats	0	*	300
Maternal and Child Health	4,951	*	7,500
Family Planning and Reproductive Health	6,336	*	6,185
Education	3,358	*	0
Basic Education	3,358	*	0
Economic Growth	6,420	*	0
Infrastructure	3,368	*	0
Transport Services	3,368	*	0
Agriculture	1,485	*	0
Agricultural Sector Productivity	1,485	*	0
Environment	1,567	*	0
Natural Resources and Biodiversity	1,567	*	0
Humanitarian Assistance	1,213	*	0
3 Migration Management	1,213	*	0
Protection and Assistance	1,213	*	0

### Statement of Changes

The FY 2008 budget request of \$26.6 million is almost 28 percent less than Nepal's FY 2006 budget of \$32.5 million. Development Assistance funds were roughly halved and Economic Support Funds were zeroed out in FY 2008, but previously comprised 14 percent of the FY 2006 budget. Child Survival and Health Funds remained roughly constant in real terms but increased from 57 percent to 67 percent of the overall program. International Narcotics and Law Enforcement, International Military and Education and Training, and Nonproliferation, Anti-terrorism and Demining funding increased by a total of \$4.0 million. These increases will raise support to the following program elements: Counter-Terrorism -Government Capabilities and Defense, Military and Border Restructuring Reform, Law Enforcement Restructuring, and the Justice System. This increased request will build on the successes of FY 2006 programs and address the critical need to support Nepal's civilian control of the army and police and improve local security forces and justice officials' capability to enforce law and order.

**PAKISTAN**  
Developing

**Obstacles and Opportunities for Advancing Transformational Diplomacy**

The United States seeks to build a stable, long-term relationship with Pakistan. This request will maintain Pakistan's support in the Global War on Terrorism and efforts to build peaceful and positive relations with its neighbors, India and Afghanistan. U.S. assistance also will encourage Pakistan's participation in international efforts to prevent the spread of weapons of mass destruction and support in the development of a moderate, democratic, and civilian government which promotes respect for human rights and participation of its citizens in government and society. The Pakistan request fulfills the President's commitment to provide \$600 million in economic and security assistance and \$50 million in earthquake reconstruction assistance on an annual basis through FY 2009.

Pakistan faces numerous and daunting gaps that obstruct its capacity to meet its development goals. Most seriously, economic and social deprivation creates an environment conducive to terrorist recruitment. The absence of a productive educational infrastructure, particularly in the Federally Administered Tribal Areas (FATA) region, has forced families to turn to private alternatives, including madrassas that are vulnerable to radical, extremist messages. Pakistan also lags in critical areas of health, infrastructure, and economic opportunities. The failure of democratic institutions to provide for stable governments capable of responding to popular demands and public needs has produced a revolving door of failed civilian and military administrations that have undermined Pakistani progress over decades.

Pakistan's border areas with Afghanistan in the North-West Frontier Province, the tribal areas, and parts of Baluchistan have Pakistan's worst development indicators and are critical to controlling ungoverned spaces in the war on terror. U.S. assistance supports Pakistan's new three-pronged strategy with the goal of improving security, stability, and economic opportunity in this border region. Enhanced governance will undermine the appeal of terrorist organizations in regions which have provided safe haven for violent extremists. To respond to these challenges, \$90 million in assistance for this region is being set aside for FY 2008. Areas of focus include education, health, road building, and economic growth. Innovative approaches, such as those possible under the Rural Support Program mechanism employed in other areas of Pakistan, will be pursued, in part to ensure local community involvement. Specific plans are being developed in close coordination with other donors as well as the Government of Pakistan, which should and must play a leadership role in projecting a strategic vision for the frontier area.

**Resources to Help Advance Transformational Diplomacy**

**Request by Objective**

(\$ in thousands)	2006 Actual	2007 Estimate	2008 Request
Peace & Security	342,592	*	341,700
Governing Justly & Democratically	22,320	*	41,600
Investing in People	114,684	*	103,000
Economic Growth	209,338	*	248,700
Humanitarian Assistance	17,675	*	50,000
<b>Total</b>	<b>706,609</b>	<b>*</b>	<b>785,000</b>

## Request by Account

(\$ in thousands)	2006 Actual	2007 Estimate	2008 Request
Child Survival and Health	22,757	*	39,800
Development Assistance	26,990	*	18,000
Economic Support Fund	296,595	*	382,900
Foreign Military Financing	297,000	*	300,000
International Military Education & Training	2,037	*	2,000
International Narcotics Control and Law Enforcement	34,970	*	32,000
Nonproliferation, Antiterrorism & Demining	8,585	*	10,300
Public Law 480 (Food Aid)	17,675**	*	0
<b>Total</b>	<b>706,609</b>	<b>*</b>	<b>785,000</b>

\*\*FY 2006 includes \$17.675 million of P.L. 480 Title II emergency food aid. Emergency food aid has not been allocated to countries in FY 2008.

**Peace and Security (\$341.7 million):** Efforts will continue to support Pakistan's ability to counter extremist organizations and narcotics trafficking with a focus on the Pakistan-Afghanistan border area. Non-Proliferation, Anti-Terrorism, Demining and Related Programs and International Narcotics Control and Law Enforcement programs will improve the human and material capacity of Pakistan to secure its borders, facilitate counterterrorism efforts, and reduce illicit trafficking of narcotics, weapons and people. This request also continues assistance with force modernization and traditional defense capabilities. Foreign Military Financing programs will enhance Pakistan's border security and counterterrorism capabilities and force modernization through equipment upgrades and acquisitions. Equipment to be purchased may include fixed and rotary wing aerial transport and communications, surveillance, and ground support equipment. Programs will also support the maintenance of U.S.-origin equipment to ensure flight safety and continued equipment operation. This equipment will have a direct impact on the war on terrorism and will enhance U.S.-Pakistani interoperability. In addition, International Military Education and Training programs will raise the quality and professionalism of officers by focusing on defense management, civilian control of the military, human rights, and the rule of law.

**Governing Justly & Democratically (\$41.6 million):** Democratization and greater respect for human rights are critical to promoting moderation, combating the spread of extremism, and laying the foundation for political stability. Formation of a sustainable democracy will help ensure economic growth and a credible partner for the United States in the region. The USG will support internal democratic practices within political parties and civil society, promote free and fair elections, develop the media, and support the legislative process. Funds will support the devolution of responsibility and budgets to local governments, in part by strengthening their ability to deliver better public services. Elections are scheduled for FY 2008.

**Investing in People (\$103.0 million):** Pakistan faces major challenges in meeting the health needs of its large population and coping with an education system slow to reform. Pakistan has terrorist-linked charities and madrassas eager to step in and provide services the government does not make available for its citizens. Funds will help Pakistan to improve the quality of and access to public education, primary healthcare, and water and sanitation services. Scholarship programs will provide the opportunity for students from disadvantaged areas to obtain advanced degrees in agriculture and business and cultural exchanges for students enrolling in U.S.-based programs. Other funding uses include construction and training in both the education and health sectors, with an aim to improve infrastructure as well as the delivery of needed social services.



**Economic Growth (\$248.7 million):** The absence of a strong middle-class poses problems for democratization. Funds will create hope and opportunity through expanding access to microfinance in the most underserved areas of Pakistan and strengthening the competitiveness of promising industry sectors. Funds will be used to develop infrastructure in FATA in areas such as transport, power, irrigation, water, and vocational training. U.S. assistance programs will also provide a concrete demonstration to a skeptical Pakistani public of the benefits of the U.S.-Pakistan strategic partnership. U.S. budget support will provide Pakistan with fiscal flexibility and elicit greater Pakistani spending increases on education and the social sector than could be achieved through project assistance alone. Technical assistance will help Pakistan protect intellectual property rights and diversify its economy.

**Humanitarian Assistance (\$50.0 million):** The October 2005 earthquake caused massive loss of life, extensive damage to health and education facilities, and destroyed livelihoods in affected areas of Northwest Frontier Province and Azad Kashmir. Funds will be used to rebuild hospitals and schools, strengthen the systems and capacities of public health works and district government officials, and rebuild livelihoods for affected Pakistanis. This includes training for people in earthquake-resistant technology and other income generating programs.

#### Request by Element

(\$ in Thousands)	2006 Actual	2007 Estimate	2008 Request
<b>TOTAL</b>	706,609	*	785,000
Peace & Security	342,592	*	341,700
Counter-Terrorism	7,885	*	9,300
Deny Terrorist Sponsorship, Support and Sanctuary	1,000	*	1,300
De-Legitimize Terrorist Ideology	6,885	*	0
Governments' Capabilities	0	*	8,000
Combating Weapons of Mass Destruction (WMD)	700	*	500
Counter WMD Proliferation and Combat WMD Terrorism	700	*	500
Stabilization Operations and Security Sector Reform	327,007	*	325,000
Destruction and Security of Conventional Weapons	0	*	500
Defense, Military, and Border Restructuring, Reform and Operations	324,337	*	318,500
Law Enforcement Restructuring, Reform and Operations	2,670	*	5,000
Program Support (Stabilization)	0	*	1,000
Counter-Narcotics	7,000	*	6,700
Eradication	6,000	*	4,000
Interdiction	1,000	*	1,000
Drug Demand Reduction	0	*	1,000
Program Support (Narcotics)	0	*	700
Transnational Crime	0	*	200
Trafficking-in-Persons and Migrant Smuggling	0	*	200
Governing Justly & Democratically	22,320	*	41,600
Rule of Law and Human Rights	0	*	14,100
Constitutions, Laws, and Legal Systems	0	*	1,000
Judicial Independence	0	*	1,500
Justice System	0	*	10,480
Human Rights	0	*	1,000
Program Support (Rule of Law)	0	*	120
Good Governance	9,140	*	18,950
Legislative Function and Processes	6,649	*	4,000

(\$ in Thousands)	2006 Actual	2007 Estimate	2008 Request
Local Government and Decentralization	2,335	*	13,600
Program Support (Governance)	156	*	1,350
Political Competition and Consensus-Building	13,180	*	3,500
Elections and Political Processes	12,600	*	1,500
Political Parties	0	*	1,950
Program Support (Political Competition)	580	*	50
Civil Society	0	*	5,050
Civic Participation	0	*	2,000
Media Freedom and Freedom of Information	0	*	3,000
Program Support (Civil Society)	0	*	50
Investing in People	114,684	*	103,000
Health	45,406	*	50,900
HIV/AIDS	1,330	*	2,000
Tuberculosis	1,485	*	2,400
Other Public Health Threats	1,980	*	0
Maternal and Child Health	28,571	*	19,500
Family Planning and Reproductive Health	12,040	*	25,500
Water Supply and Sanitation	0	*	1,500
Education	69,278	*	52,100
Basic Education	49,864	*	26,887
Higher Education	19,414	*	25,213
Economic Growth	209,338	*	248,700
Macroeconomic Foundation for Growth	200,000	*	200,000
Fiscal policy	200,000	*	200,000
Trade and Investment	7,789	*	3,800
Trade and Investment Enabling Environment	7,618	*	2,300
Trade and Investment Capacity	0	*	1,500
Program Support (Trade)	171	*	0
Financial Sector	1,549	*	7,000
Financial Sector Enabling Environment	1,257	*	1,500
Financial Services	0	*	5,500
Program Support (Financial Sector)	292	*	0
Infrastructure	0	*	1,500
Modern Energy Services	0	*	1,500
Agriculture	0	*	4,500
Agricultural Sector Productivity	0	*	4,384
Program Support (Agriculture)	0	*	116
Private Sector Competitiveness	0	*	28,515
Business Enabling Environment	0	*	11,365
Private Sector Productivity	0	*	12,689
Workforce Development	0	*	3,000
Program Support (Private Sector)	0	*	1,461
Economic Opportunity	0	*	3,385
Policy Environment for Micro and Small Enterprises	0	*	800
Strengthen Microenterprise Productivity	0	*	1,500
Inclusive Economic Law and Property Rights	0	*	900
Program Support (Econ Opportunity)	0	*	185
Humanitarian Assistance	17,675	*	50,000
Protection, Assistance and Solutions	0	*	50,000
Crisis Assistance and Recovery	0	*	44,520

(\$ in Thousands)	2006 Actual	2007 Estimate	2008 Request
Program Support (Protection)	0	*	5,480
3 Migration Management	17,675	*	0
Protection and Assistance	17,675	*	0

#### **Statement of Changes**

Pakistan's overall funding levels increased by \$94 million from the FY 2006 base budget levels. This increase is for the President's commitments to earthquake reconstruction and economic development in Pakistan's frontier regions. Compared to FY 2006 levels, Pakistan's FY 2008 request for Development Assistance funding decreased by \$9.0 million. This represents a reduction in funding for basic education programming, but also represents a shift in funding for many programs to Economic Support Funds, which increased by \$86.0 million. This increase provides support for Rule of Law and Human Rights, Good Governance, Civil Society, Higher Education and Financial Sector programs. These programs will bolster stabilizing efforts in the border area with Afghanistan. Child Survival and Health also received an increase of \$17.0 million which mostly represents an increase in support to Maternal and Child Health. Non-Proliferation, Anti-Terrorism, Demining and Other Related Programs and Foreign Military Financing increased by \$1.7 million and \$3.0 million, respectively. These increases will bolster gains made in Counter-Terrorism and Defense, Military, and Border Restructuring, Reform and Operations. A decrease of almost \$3 million in International Narcotics and Law Enforcement funding represents a drop in Stabilization Operations and Security Sector Reform because the Border Security Program Roads was phased out and infrastructure and commodities were greatly reduced because the Department of Defense will fulfill this requirement in FY 2008.

**SRI LANKA**  
Transforming

**Obstacles and Opportunities for Advancing Transformational Diplomacy**

The conflict in Sri Lanka between the Government and the terrorist organization Liberation Tigers of Tamil Eelam (LTTE) is preventing the country from transforming into a prosperous, stable democracy. Peace would reduce the threat of regional and international terrorism and stabilize Sri Lanka as a partner for the United States in South Asia. Resolving the conflict through a political settlement requires moving the Sri Lankan government and the LTTE to a durable cessation of violence and hostilities. The Millennium Challenge Corporation (MCC) recently classified Sri Lanka as an eligible compact country. The Western Province, including the capital city, Colombo, meets Transforming country criteria. However, the north, east and south more accurately reflect the Rebuilding category. The situation is unlikely to change in the near-term, as escalating violence has caused the peace process to break down and has led to an undeclared war with human rights violations and a humanitarian crisis. The international community is engaged in the peace process and is working toward bringing both sides back to negotiations. It is essential to monitor, investigate, and promote accountability for human rights abuses, as well as assist democratic institutions to help prevent abuses and conflicts in the future. Continued divergence between economic and social indicators in the Western Province and those in the rest of the country will only entrench inequalities. For this reason, supporting efforts toward peace and key democratic and economic reforms are of the utmost importance. A stronger and more geographically inclusive economy will contribute to the success of implementing and sustaining a peace agreement. Further, addressing good governance, decentralization, and poverty in the south, as well as economic opportunities for Tamils and Muslims in the north and east, are necessary for solidifying support for peace and eliminating the rhetoric of extreme elements.

**Resources to Help Advance Transformational Diplomacy**

**Request by Objective**

(\$ in thousands)	2006 Actual	2007 Estimate	2008 Request
Peace & Security	8,822	*	3,450
Governing Justly & Democratically	4,705	*	1,367
Investing in People	1,000	*	0
Economic Growth	0	*	2,133
<b>Total</b>	<b>14,527</b>	<b>*</b>	<b>6,950</b>

**Request by Account**

(\$ in thousands)	2006 Actual	2007 Estimate	2008 Request
Development Assistance	3,705	*	4,000
Economic Support Fund	3,960	*	0
Foreign Military Financing	990	*	850
International Military Education & Training	529	*	600
International Narcotics Control and Law Enforcement	0	*	350
Nonproliferation, Antiterrorism & Demining	3,615	*	1,150
Transition Initiatives	1,728	*	0
<b>Total</b>	<b>14,527</b>	<b>*</b>	<b>6,950</b>

**Peace & Security (\$3.5 million):** Sri Lanka is at a crossroads and U.S. assistance can play a role in bringing the sides to the conflict back to the negotiating table. Foreign Military Financing and International Military Education and Training assistance is focused on stabilization operations and security sector reform with activities aimed at military-to-military programs comprising military training, exercises, and sustainment equipment. This will strengthen the Sri Lankan military's capability and help demonstrate to the Tamil Tigers that a return to war would be more costly. FY 2008 International Narcotics and Law Enforcement funds will be used for law enforcement reform to support a police force better able to maintain the rule of law. At the same time, assistance for conflict mitigation and peace and reconciliation processes - that includes support for multi-party dialogues, the Sri Lankan Government's Peace Secretariat, national level peace negotiations and advocacy, and local level activities - will serve to solidify support for peace. Non-proliferation, Anti-Terrorism, De-mining and related programs will fund activities directed at counter-terrorism initiatives focused on denying terrorist sponsorship and supporting government capabilities. It will also combat weapons of mass destruction proliferation by assisting Sri Lanka to detect, deter, prevent and interdict illicit trafficking in weapons. In addition, U.S. assistance is required for training police and prosecutors to increase investigations, arrests, prosecution, and convictions of trafficking crimes. Assistance will also increase cooperation between law enforcement and civil society groups (including international organizations) that provide victim assistance. Furthermore, development assistance will continue to invest in community early warning systems by keeping a finger on the pulse of local hotspots in order to avoid violent outbreaks. This will be done through resolution of multiethnic land disputes, water usage, access to land, service delivery in terms of public health and education, human rights violations, among other activities.

**Governing Justly and Democratically (\$1.4 million):** The 20-year conflict has weakened Sri Lanka's democratic institutions and civil society and contributed to an increase in human rights abuses. Programs will strengthen governance in Sri Lanka to address these serious concerns and in doing so enhance public commitment to and participation in the peace process. Development assistance will focus on creating participatory mechanisms for citizens at the local level, building the decision-making capacity of local authorities to address issues of governance and democratic weaknesses seen as root causes of the conflict, and enhancing local authorities' capacity to provide humanitarian assistance and basic protection for civilians. United States' support for strengthening civil society will focus on increasing its role in monitoring and preventing human rights abuses, holding the government accountable, fostering conflict prevention dialogues, advocating for democratic and economic reforms (including combating corruption and protecting minority rights) and participating more actively in public decision-making. Whenever possible, local-level efforts need to be logically and systematically integrated with international and nation-level initiatives addressing the root causes of the conflict, building key democratic institutions, and protecting human rights.

**Economic Growth (\$2.1 million):** A sustainable peace in Sri Lanka will depend on equitable distribution of the benefits of economic growth. Despite consistently positive economic growth over the last 20 years, the proportion of the population stuck in poverty remains the same because the Western Province, including the capital city, has benefited from economic growth disproportionately from the rest of the country. U.S. development assistance will target the most vulnerable populations from the conflict in strategic geographic areas outside of the Western Province. Assistance will be directed toward livelihoods and workforce development of vulnerable populations in demand-driven markets. It translates into workforce readiness (especially for individuals in the 17-25 age range), job creation for those conflict-affected populations, and development of niche markets and improved value chains for products from the conflict-affected areas. The private sector is eager to partner with the USG in workforce

development efforts in these geographic areas as the workforce capacity still fails to meet its needs. In partnership with the private sector, U.S. assistance in workforce development will not only position the country's workforce for economic growth, but also address serious equity and poverty issues in all areas of the country.

### Request by Element

(\$ in Thousands)	2006 Actual	2007 Estimate	2008 Request
<b>TOTAL</b>	14,527	*	6,950
Peace & Security	8,822	*	3,450
Counter-Terrorism	275	*	900
Deny Terrorist Sponsorship, Support and Sanctuary	275	*	500
Governments' Capabilities	0	*	400
Combating Weapons of Mass Destruction (WMD)	300	*	250
Counter WMD Proliferation and Combat WMD Terrorism	300	*	250
Stabilization Operations and Security Sector Reform	4,559	*	1,800
Explosive Remnants of War (ERW)	3,040	*	0
Defense, Military, and Border Restructuring, Reform and Operations	1,519	*	1,450
Law Enforcement Restructuring, Reform and Operations	0	*	350
Conflict Mitigation and Reconciliation	3,688	*	500
Peace and Reconciliation Processes	3,688	*	500
Governing Justly & Democratically	4,705	*	1,367
Rule of Law and Human Rights	500	*	502
Justice System	500	*	0
Human Rights	0	*	502
Good Governance	2,205	*	200
Public Sector Executive Function	0	*	200
Local Government and Decentralization	2,205	*	0
Civil Society	2,000	*	665
Civic Participation	1,600	*	350
Media Freedom and Freedom of Information	0	*	190
Program Support (Civil Society)	400	*	125
Investing in People	1,000	*	0
Social and Economic Services and Protection for Vulnerable Populations	1,000	*	0
Social Services	665	*	0
Social Assistance	335	*	0
Economic Growth	0	*	2,133
Financial Sector	0	*	100
Financial Services	0	*	100
Private Sector Competitiveness	0	*	1,833
Private Sector Productivity	0	*	600
Workforce Development	0	*	1,000
Program Support (Private Sector)	0	*	233
Economic Opportunity	0	*	200
Strengthen Microenterprise Productivity	0	*	200

### Statement of Changes

Compared to FY 2006 levels, Sri Lanka's FY 2008 request for Child Survival and Health and Economic Support Funds were both zeroed out but with an increase in Development Assistance funding by \$0.3 million. This represents an increase for Civil Society and Private Sector

Competitiveness programs. Decreases are in programming in Conflict Mitigation and Reconciliation, Good Governance, Civil Society, and Social Services. Non-Proliferation, Anti-Terrorism, Demining and Other Related Programs decreased by \$2.5 million in Explosive Remnants of War and Defense, Military, and Border Restructuring, Reform and Operations. INL programs received new funding of \$0.4 million which will focus on Law Enforcement Restructuring, Reform and Operations.

**TAJIKISTAN**  
Developing

**Obstacles and Opportunities for Advancing Transformational Diplomacy**

The specter of the 1992-1997 civil war continues to hang over Tajikistan. Thus the major obstacle to Tajikistan's advancement is the government's inability to move beyond the post-civil war mentality of maintaining stability and focus on improving its record on democratic and economic reform. Government implementation of reform in these areas would improve Tajikistan's governance, employment, and investment climate. The Government of Tajikistan is intent on improving its infrastructure (especially hydro-power) so it can expand its export and trade options to growing markets in South Asia. Tajikistan, a strong supporter in the Global War on Terror, took over responsibility for controlling its border with Afghanistan after the withdrawal of Russian border forces in 2005 and plays a key role in counter-narcotics and counterterrorism efforts. Tajikistan's democracy and human rights record remains poor and there has been recent democracy backsliding as illustrated by the flawed presidential election in November 2006. Support to strengthen border security, counter-narcotics efforts, democratic reform, and economic growth is key to helping Tajikistan advance.

**Resources to Help Advance Transformational Diplomacy**

**Request by Objective**

(\$ in thousands)	2006 Actual	2007 Estimate	2008 Request
Peace & Security	6,853	*	14,940
Governing Justly & Democratically	7,046	*	4,600
Investing in People	7,841	*	4,200
Economic Growth	9,595	*	7,580
Humanitarian Assistance	9,068	*	800
<b>Total</b>	<b>40,403</b>	*	<b>32,120</b>

**Request by Account**

(\$ in thousands)	2006 Actual	2007 Estimate	2008 Request
Foreign Military Financing	495	*	675
Freedom Support Act	23,760	*	26,880
International Military Education & Training	348	*	565
Nonproliferation, Antiterrorism & Demining	1,970	*	4,000
Public Law 480 (Food Aid)	13,830**	*	0
<b>Total</b>	<b>40,403</b>	*	<b>32,120</b>

\*\*FY 2006 includes \$7.582 million of P.L. 480 Title II emergency food aid. Emergency food aid has not been allocated to countries in FY 2008.

**Peace and Security (\$14.9 million):** While Tajikistan has enjoyed nearly a decade of peace and stability, the full effects of the 2005 Russian border patrol pullout may not yet be apparent. Inexperience, lack of funds, and inadequate capacity to take on this task make border control the greatest challenge to stability and progress in Tajikistan. The United States can best assist Tajikistan in maintaining peace and security by focusing resources on counter-terrorism and counter-narcotics efforts, stabilization operations, security sector reform, and combating the proliferation of weapons of mass destruction.



The main focus of these programs will be border security, specifically improving the Government of Tajikistan's ability to fill the void left by the departure of Russian border guards. Ongoing support will ensure that border guards operate effectively to prevent illicit trafficking and the movement of terrorists across Tajikistan's borders. Assistance will also foster the development of a professional military that meets Western standards and an improved law enforcement capacity, which will augment Tajikistan's ability to maintain peace and security - a necessary step for advancement in other sectors of national development.

While drug trafficking through Tajikistan continues to threaten the progress made in recent years, Tajikistan continues to be a regional leader in narcotics interdictions and is committed to reducing the flow of illicit drugs and arms through its borders. Funds are being invested to improve the government's ability to interdict narcotics and prevent the proceeds of drug smuggling from being funneled into domestic and regional criminal activities. U.S. assistance will also bolster Government of Tajikistan efforts to fight trafficking in persons.

**Governing Justly and Democratically (\$4.6 million):** Tajikistan's democratic institutions are weakest in the areas of political rights, media freedom, judicial independence, and civil liberties. The Government of Tajikistan has shown some willingness to reform its practices. To capitalize on current openings, U.S. assistance will focus on supporting initiatives to develop sustainable indigenous civil society organizations and to improve local governance. These programs will work in tandem with U.S. efforts to strengthen the capacity of communities to hold local government accountable. The U.S. will promote media freedom and civil liberties through programs to increase public access to information such as satellite broadcasting and to communicate local news and issues objectively. Funding will also focus on fostering the development of political parties, strengthening human rights, and reforming the justice system. The overall goal for this sector is to maintain a multi-faceted and comprehensive set of programs that will effectively aid and encourage Tajikistan's efforts to reform its political culture.

**Investing in People (\$4.2 million):** Tajikistan's spending on health and education lags well behind the average for Transforming countries. The needs in health and education are so severe that they jeopardize progress in other priority objectives. To address these needs effectively, U.S. assistance will focus on improving the quality of services, increasing community involvement, and strengthening systems in both the health and education sectors. This approach will improve indigenous capacity to provide these services. Specific programs will focus on health sector reforms related to financing, family planning, medical education, and primary health care delivery. Maternal and child health will remain another priority focus. The United States will also provide technical assistance with HIV/AIDS prevention, including implementation of HIV/AIDS grants from the Global Fund, and assistance with the expansion of the DOTS strategy for tuberculosis control. Investments in basic education will help the Government of Tajikistan reform the basic education system, which has deteriorated significantly since Soviet times.

**Linkages with the President's Plan for AIDS Relief (PEPFAR):** Tajikistan will receive significant support for bilateral HIV/AIDS programs in FY 2008, with programmatic emphasis on a range of interventions related to care, treatment, and prevention.

**Economic Growth (\$7.6 million):** Despite economic growth averaging ten percent in recent years, Tajikistan is one of the world's poorest countries and its economy remains fragile. In order to encourage economic growth and reform, Tajikistan needs to focus on three areas: trade and investment, agricultural sector productivity, and private sector competitiveness. To foster progress in those areas, U.S. assistance will strengthen the Government of Tajikistan's capacity to undertake further structural reforms, eliminate corruption, reduce regulatory barriers, and

improve the investment climate. Programs will also work to improve economic policymaking and the business environment by strengthening property rights. To further Tajikistan's integration with its neighbors, the United States will support the development of a transparent regional energy market to link Central and South Asia. The United States will also work to strengthen the financial sector and access to capital by improving the banking practices of the National Bank and promoting microfinance institutions.

**Humanitarian Assistance (\$0.8 million):** Humanitarian aid relieves suffering by providing basic necessities and mitigating natural disasters, such as the 2006 earthquakes in Khatlon province which left over 20,000 people homeless. U.S. assistance will provide medicines, food, and basic necessities to vulnerable populations. It will also provide for the implementation of small scale reconstruction projects to restore shelter and basic services to orphans, elderly and other institutionalized populations, and pre-position disaster readiness supplies.

### Request by Element

(\$ in Thousands)	2006 Actual	2007 Estimate	2008 Request
<b>TOTAL</b>	40,403	*	32,120
Peace & Security	6,853	*	14,940
Counter-Terrorism	1,070	*	10,200
Deny Terrorist Sponsorship, Support and Sanctuary	0	*	1,000
Governments' Capabilities	1,070	*	9,200
Combating Weapons of Mass Destruction (WMD)	600	*	1,000
Counter WMD Proliferation and Combat WMD Terrorism	600	*	1,000
Stabilization Operations and Security Sector Reform	2,218	*	1,740
Destruction and Security of Conventional Weapons	300	*	0
Defense, Military, and Border Restructuring, Reform and Operations	843	*	1,240
Law Enforcement Restructuring, Reform and Operations	1,059	*	490
Program Support (Stabilization)	16	*	10
Counter-Narcotics	2,300	*	1,800
Interdiction	2,265	*	1,470
Drug Demand Reduction	0	*	294
Program Support (Narcotics)	35	*	36
Transnational Crime	665	*	200
Trafficking-in-Persons and Migrant Smuggling	640	*	192
Program Support (Crime)	25	*	8
Governing Justly & Democratically	7,046	*	4,600
Rule of Law and Human Rights	1,100	*	1,100
Justice System	1,083	*	492
Human Rights	0	*	591
Program Support (Rule of Law)	17	*	17
Good Governance	3,270	*	800
Local Government and Decentralization	3,032	*	742
Program Support (Governance)	238	*	58
Political Competition and Consensus-Building	372	*	400
Political Parties	345	*	371
Program Support (Political Competition)	27	*	29
Civil Society	2,304	*	2,300
Civic Participation	1,261	*	1,618
Media Freedom and Freedom of Information	932	*	571

(\$ in Thousands)	2006 Actual	2007 Estimate	2008 Request
Program Support (Civil Society)	111	*	111
Investing in People	7,841	*	4,200
Health	6,592	*	2,900
HIV/AIDS	1,336	*	1,000
Tuberculosis	785	*	900
Other Public Health Threats	1,830	*	0
Maternal and Child Health	2,499	*	1,000
Family Planning and Reproductive Health	142	*	0
Education	1,249	*	1,300
Basic Education	1,249	*	1,300
Economic Growth	9,595	*	7,580
Macroeconomic Foundation for Growth	383	*	200
Fiscal policy	354	*	185
Program Support (Macro Econ)	29	*	15
Trade and Investment	895	*	1,200
Trade and Investment Enabling Environment	557	*	1,120
Trade and Investment Capacity	279	*	0
Program Support (Trade)	59	*	80
Financial Sector	1,265	*	500
Financial Sector Enabling Environment	1,170	*	0
Financial Services	0	*	462
Program Support (Financial Sector)	95	*	38
Infrastructure	820	*	800
Modern Energy Services	203	*	784
Transport Services	600	*	0
Program Support (Infrastructure)	17	*	16
Agriculture	4,039	*	2,800
Agricultural Enabling Environment	29	*	1,388
Agricultural Sector Productivity	3,896	*	1,204
Program Support (Agriculture)	114	*	208
Private Sector Competitiveness	2,193	*	2,080
Business Enabling Environment	1,674	*	1,923
Private Sector Productivity	354	*	0
Program Support (Private Sector)	165	*	157
Humanitarian Assistance	9,068	*	800
Protection, Assistance and Solutions	9,068	*	800
Crisis Assistance and Recovery	9,068	*	800

#### Statement of Changes

With the exception of Child Survival and Health and P.L. 480 Food Aid, funding has increased for Tajikistan from FY 2006 levels by account. The discontinuation of food aid programs accounts for the net decline of U.S. funding from FY 2006 to FY 2008. The most significant increase from FY 2006 is in Peace and Security, where assistance is focused on improving border security and helping Tajikistan prevent drug trafficking and movement of terrorists across its border with Afghanistan. Decreases in Humanitarian Assistance, Investing in People, and Governing Justly and Democratically help to offset large increases in Peace and Security and allow Economic Growth programs to remain steady. Economic reform programs will build on the significant improvement in Tajikistan's economy, working to promote trade and investment, agricultural sector productivity, and private sector competitiveness.

## TURKMENISTAN

Developing

### Obstacles and Opportunities for Advancing Transformational Diplomacy

Saparmurat Niyazov, the President of Turkmenistan, whose policies were a major obstacle to the country's advancement, died in December 2006. It remains to be seen if the transition of power will result in a change of course for Turkmenistan or if Niyazov's repressive political and economic policies will outlast him. Niyazov's death offers the United States an opportunity to turn a page in its relationship with Turkmenistan and encourage the development of a more stable, democratic, and prosperous country. What the political transition will mean for domestic and foreign policies remains unknown, but nearly all independent democratic activity is prohibited. Turkmenistan's future will hinge especially on the next generation. Awareness of the outside world, including knowledge of international democratic and human rights standards, will be a key to change. Educational opportunities will be extremely important. Niyazov's education policies cut secondary education to nine grades and severely damaged the quality of the entire educational system. The likely next president has pledged to reverse some education policies of the past, including increasing education to ten years. Before Niyazov's death, the Government of Turkmenistan had done some work to reform its health system, although transparency of the Government's efforts to combat infectious diseases remains a challenge. Turkmenistan's shared borders with Iran and Afghanistan make it a key player in the fight to combat trafficking in weapons of mass destruction, narcotics, and persons.

### Resources to Help Advance Transformational Diplomacy

#### Request by Objective

(\$ in thousands)	2006 Actual	2007 Estimate	2008 Request
Peace & Security	1,408	*	1,450
Governing Justly & Democratically	2,098	*	2,200
Investing in People	1,540	*	2,100
Economic Growth	892	*	800
<b>Total</b>	<b>5,938</b>	<b>*</b>	<b>6,550</b>

#### Request by Account

(\$ in thousands)	2006 Actual	2007 Estimate	2008 Request
Foreign Military Financing	297	*	0
Freedom Support Act	4,950	*	5,500
International Military Education & Training	291	*	300
Nonproliferation, Antiterrorism & Demining	400	*	750
<b>Total</b>	<b>5,938</b>	<b>*</b>	<b>6,550</b>
Peace Corps	1658	*	1880

**Peace and Security (\$1.5 million):** The United States can best help Turkmenistan in this area by helping to secure its borders through provision of equipment and training to border authorities and by focusing on the area of stabilization operations and security sector reform. U.S. funds will help Turkmenistan control its borders with Iran and Afghanistan. These programs will work to improve Turkmenistan's ability to counter terrorism and prevent the trafficking of narcotics. Particular effort will focus on helping Turkmen authorities to prevent the proliferation of weapons of mass destruction equipment and technology.

**Governing Justly and Democratically (\$2.2 million):** Turkmenistan's progress in the areas of political rights, civil liberties, and independent media lags far behind countries in the Transforming category. Significant resources will need to be applied to these areas if the U.S. goal of advancing Turkmenistan into the Transforming country category is to be met. The goal for this sector is to maintain a multi-faceted and comprehensive set of programs that will effectively aid and encourage Turkmenistan's efforts to reform its political culture. U.S. resources will help civil society and community-based organizations become more effective advocates for reform as well as support their capacity to promote democracy and respect for human rights. Assistance will expand public access to information via satellite television, the internet, and other media. Other programs will expose Turkmen prosecutors and judges to the U.S. criminal justice system. The United States will invest in democracy and human rights education to develop indigenous demand for a democratic society that respects human rights.

**Investing in People (\$2.1 million):** Turkmenistan's health sector is in disrepair. Its institutions are ill prepared to fight the spread of HIV/AIDS and tuberculosis. In active partnership with the United States, Turkmenistan is reforming its practices to improve the level of services and working to attract other donor resources. Maternal and child health will remain another priority focus. U.S. assistance will invest in the next generation of leadership through programs in basic education, and higher education.

Linkages with the President's Plan for AIDS Relief (PEPFAR): Turkmenistan will receive significant support for bilateral HIV/AIDS programs in FY 2008, with programmatic emphasis on a range of interventions related to care, treatment, and prevention.

**Economic Growth (\$0.8 million):** Until now, the Government of Turkmenistan has shown little interest in macro-economic reform, but local government officials are interested in cooperation with the United States to improve the private agricultural sector, where the majority earns its livelihood. The United States will focus on increasing agricultural productivity and identifying new markets in order to address the challenges facing private farmers. In addition, the United States will explore the interim government's stated willingness to consider reform of the energy sector.

#### Request by Element

(\$ in Thousands)	2006 Actual	2007 Estimate	2008 Request
<b>TOTAL</b>	5,938	*	6,550
Peace & Security	1,408	*	1,450
Combating Weapons of Mass Destruction (WMD)	400	*	750
Counter WMD Proliferation and Combat WMD Terrorism	400	*	750
Stabilization Operations and Security Sector Reform	1,008	*	500
Defense, Military, and Border Restructuring, Reform and Operations	588	*	300
Law Enforcement Restructuring, Reform and Operations	414	*	196
Program Support (Stabilization)	6	*	4
Counter-Narcotics	0	*	200
Drug Demand Reduction	0	*	196
Program Support (Narcotics)	0	*	4
Governing Justly & Democratically	2,098	*	2,200
Rule of Law and Human Rights	0	*	500

(\$ in Thousands)	2006 Actual	2007 Estimate	2008 Request
Justice System	0	*	95
Human Rights	0	*	379
Program Support (Rule of Law)	0	*	26
Civil Society	2,098	*	1,700
Civic Participation	1,865	*	1,423
Media Freedom and Freedom of Information	125	*	190
Program Support (Civil Society)	108	*	87
Investing in People	1,540	*	2,100
Health	1,540	*	1,600
HIV/AIDS	244	*	1,000
Tuberculosis	586	*	600
Other Public Health Threats	703	*	0
Family Planning and Reproductive Health	7	*	0
Education	0	*	500
Basic Education	0	*	200
Higher Education	0	*	300
Economic Growth	892	*	800
Trade and Investment	45	*	0
Trade and Investment Capacity	42	*	0
Program Support (Trade)	3	*	0
Agriculture	638	*	700
Agricultural Enabling Environment	53	*	0
Agricultural Sector Productivity	475	*	579
Program Support (Agriculture)	110	*	121
Private Sector Competitiveness	209	*	100
Private Sector Productivity	169	*	0
Workforce Development	0	*	81
Program Support (Private Sector)	40	*	19

### Statement of Changes

Funding for Turkmenistan has increased from FY 2006 levels in all accounts with the exception of Foreign Military Financing. Modest increases in funding levels for Turkmenistan will allow the United States to demonstrate to the new government the benefits of an expanded relationship, while at the same time looking for indications that the new leadership intends to put Turkmenistan on a new course. Among program elements, a slight reduction in the Economic Growth area was needed to fund increases in other areas and is also the result of improved economic performance due to rising gas prices. Significant increases in Investing in People will help to offset the damaging social welfare policies of the former President Niyazov and pave the way for reform. Keeping Peace and Security funding levels constant will allow previously successful U.S. programs to continue assisting the Government of Turkmenistan in securing its borders against transnational threats.

## UZBEKISTAN

Developing

### Obstacles and Opportunities for Advancing Transformational Diplomacy

The largest obstacle to U.S. assistance to Uzbekistan derives from the fact that the Government of Uzbekistan increasingly views U.S. assistance as a threat to its rule. Since the 2003-2005 "Color Revolutions" in Georgia, Ukraine, and the Kyrgyz Republic and particularly following the international condemnation of the violent upheaval in Andijon in 2005, the Government of Uzbekistan has actively limited U.S. assistance to strengthen civil society, independent media, human rights, and political processes. Civil society organizations and community-based groups face severe repression in carrying out activities geared toward addressing social and political needs. Democratic and economic reforms are stalled and the Government is moving backward on its prior commitments. Corruption is endemic and has permeated virtually every facet of public life. Despite these difficulties, there are opportunities for the United States to pursue democratic reform and respect for human rights, promote regional stability, counter terrorism, strengthen economic growth, and address health concerns. In hopes of a reversal of the backsliding trends in Uzbekistan, the most populous country in Central Asia, the United States will continue to engage directly with the Uzbek people whenever possible via assistance mechanisms not yet closed by the Government, such as health and economic reform programs. Simultaneously, the United States will seek Uzbek participation in some regional activities and develop alternative media outlets to support individuals still working for improved human rights and democratic and economic reform.

### Resources to Help Advance Transformational Diplomacy

#### Request by Objective

(\$ in thousands)	2006 Actual	2007 Estimate	2008 Request
Peace & Security	1,110	*	1,500
Governing Justly & Democratically	7,934	*	3,150
Investing in People	5,235	*	2,830
Economic Growth	2,641	*	1,494
Humanitarian Assistance	900	*	400
<b>Total</b>	<b>17,820</b>	<b>*</b>	<b>9,374</b>

#### Request by Account

(\$ in thousands)	2006 Actual	2007 Estimate	2008 Request
Freedom Support Act	17,820	*	8,474
Nonproliferation, Antiterrorism & Demining	0	*	900
<b>Total</b>	<b>17,820</b>	<b>*</b>	<b>9,374</b>

**Peace and Security (\$1.5 million):** After the 2005 Andijon events, the Government of Uzbekistan did not renew the lease for the U.S. military airbase at Kharshi-Khanabad and the U.S. military vacated the airbase ahead of schedule. The airbase had been used to support operations in Afghanistan. Security assistance to Uzbekistan is limited because the Secretary of State has not been able to determine that Uzbekistan has undertaken promised political and economic reforms; however, the United States continues limited cooperation in situations where our views converge. For example, in November 2006, the Government of Uzbekistan signed an agreement with Department of Defense to permit the overflight of commercial carriers.

Uzbekistan is a stakeholder in regional stability and supports the Global War on Terror. U.S. assistance will help Uzbekistan counter terrorism, counter proliferation of weapons of mass destruction and their related technologies, and interdict narcotics in porous border regions by providing training and equipment to selected border posts. In addition to interdiction programs, U.S. assistance will support Uzbekistan's drug demand reduction efforts. Demand reduction focuses on youth and provides training on the detrimental effects of drug use. Limited funding will support the work of non-governmental organizations to prevent trafficking in persons and care for victims.

**Governing Justly and Democratically (\$3.2 million):** Uzbekistan lags behind on all democracy indicators, particularly political rights, civil liberties, and independent media, and the Government is not interested in reform in these areas. By protecting and promoting citizens' rights during a period in which opportunities for exercising these rights are increasingly limited, programs will help strengthen civil society and maintain the space that does exist for the exercise of those rights. Programs will develop local capacity to protect human rights, including programs that bring activists and potential new leaders out of the country, and promote mechanisms for citizens to engage with their local government. To address key constraints on the exercise of civil liberties, programs will provide access to legal information and legal advice, especially on the framework for non-governmental organization and media operation. The Government of Uzbekistan controls all media outlets, including print, internet, and television. U.S. assistance will focus on breaking the information blockade by providing citizens with increased access to objective information through satellite television and the internet and increased linkages with organizations outside of the country. Limited funding will assist citizens to carry out reforms devoted to the promotion of the rule of law by training defense lawyers.

**Investing in People (\$2.8 million):** Although government expenditures on health and education are significantly below the transforming country threshold; U.S. assistance has provided the Government of Uzbekistan with a model for reform should it choose to pursue new directions in health or education. The bulk of Investing in People resources will support government and donor efforts to modernize and restructure the public health system and support efforts to establish more efficient, integrated health systems to address HIV/AIDS and tuberculosis. Maternal and child health will remain another priority focus. Health-related assistance will fight corruption and improve government effectiveness in the sector. Smaller levels of funding will focus on maintaining and reinforcing previous investments in the areas of education finance and teacher training.

Linkages with the President's Plan for AIDS Relief (PEPFAR): Uzbekistan will receive significant support for bilateral HIV/AIDS programs in FY 2008, with programmatic emphasis on a range of interventions related to care, treatment, and prevention.

**Economic Growth (\$1.5 million):** Fundamental shortcomings in foreign direct investment, regulatory quality, and business environment hamper Uzbekistan's overall economic progress. The faltering economy, high unemployment, closed borders to trade, and lack of political will to reform also contribute to an unstable situation in the region. Given the lack of political will, U.S. resources will largely focus on enhancing agribusiness competitiveness and improving the capacity of local firms to seize market opportunities and increase their export and domestic sales. Additional resources will expand microfinance programs and credit unions by building basic capacity so that entrepreneurs may expand their businesses. Programs will also work to strengthen the business enabling environment, develop public expenditure management, and improve economic decision making at the local level.



**Humanitarian Assistance (\$0.4 million):** Assistance will provide basic necessities and medical assistance to vulnerable populations including orphans, the elderly and isolated poverty-stricken populations.

### Request by Element

(\$ in Thousands)	2006 Actual	2007 Estimate	2008 Request
<b>TOTAL</b>	17,820	*	9,374
Peace & Security	1,110	*	1,500
Counter-Terrorism	0	*	900
Deny Terrorist Sponsorship, Support and Sanctuary	0	*	400
Governments' Capabilities	0	*	500
Combating Weapons of Mass Destruction (WMD)	251	*	0
Counter WMD Proliferation and Combat WMD Terrorism	182	*	0
Program Support (WMD)	69	*	0
Stabilization Operations and Security Sector Reform	425	*	0
Law Enforcement Restructuring, Reform and Operations	419	*	0
Program Support (Stabilization)	6	*	0
Counter-Narcotics	0	*	400
Interdiction	0	*	196
Drug Demand Reduction	0	*	196
Program Support (Narcotics)	0	*	8
Transnational Crime	434	*	200
Trafficking-in-Persons and Migrant Smuggling	387	*	178
Program Support (Crime)	47	*	22
Governing Justly & Democratically	7,934	*	3,150
Rule of Law and Human Rights	1,569	*	900
Justice System	0	*	268
Human Rights	1,400	*	535
Program Support (Rule of Law)	169	*	97
Good Governance	602	*	450
Local Government and Decentralization	537	*	402
Program Support (Governance)	65	*	48
Civil Society	5,763	*	1,800
Civic Participation	4,546	*	960
Media Freedom and Freedom of Information	986	*	768
Program Support (Civil Society)	231	*	72
Investing in People	5,235	*	2,830
Health	5,105	*	2,480
HIV/AIDS	1,414	*	1,200
Tuberculosis	1,242	*	1,000
Avian Influenza	587	*	0
Other Public Health Threats	1,746	*	0
Maternal and Child Health	0	*	280
Family Planning and Reproductive Health	116	*	0
Education	130	*	350
Basic Education	0	*	350
Higher Education	130	*	0
Economic Growth	2,641	*	1,494
Macroeconomic Foundation for Growth	389	*	0
Fiscal policy	253	*	0

(\$ in Thousands)	2006 Actual	2007 Estimate	2008 Request
Program Support (Macro Econ)	136	*	0
Trade and Investment	75	*	0
Trade and Investment Enabling Environment	75	*	0
Financial Sector	451	*	0
Financial Services	293	*	0
Program Support (Financial Sector)	158	*	0
Agriculture	1,337	*	1,140
Agricultural Enabling Environment	115	*	780
Agricultural Sector Productivity	799	*	0
Program Support (Agriculture)	423	*	360
Private Sector Competitiveness	0	*	354
Business Enabling Environment	0	*	292
Program Support (Private Sector)	0	*	62
Economic Opportunity	389	*	0
Policy Environment for Micro and Small Enterprises	253	*	0
Program Support (Econ Opportunity)	136	*	0
Humanitarian Assistance	900	*	400
Protection, Assistance and Solutions	900	*	400
Protection and Solutions	0	*	400
Crisis Assistance and Recovery	900	*	0

#### Statement of Changes

Funding for Uzbekistan has declined significantly from FY 2006 levels in nearly every account with the exception of Nonproliferation, Anti-terrorism and Demining funds, which is the only area of U.S. assistance where activities have not been severely curtailed. Though reduced from FY 2006, programs in Governing Justly and Democratically, which represent 34 percent of the bilateral budget, remain the top priority in a country where repression and political obfuscation are increasingly the norm. Peace and Security funding has increased slightly as border security and counter-narcotics programs are some of the only remaining areas where U.S. and Uzbek interests intersect. A slower decline for Investing in People and the maintenance of modest Humanitarian Assistance funding allow the United States to remain engaged, where possible, directly with the people of Uzbekistan.

**CENTRAL ASIA REGIONAL**  
Regional

**Obstacles and Opportunities for Advancing Transformational Diplomacy**

Interference from neighboring nations, widespread corruption, and an inadequate social infrastructure remain the primary obstacles to progress in Central Asia. These obstacles increase the threat of extremism and regional instability and undermine U.S. efforts to combat terror including Operation Enduring Freedom. Access to quality education, economic opportunities, democratic reforms, and regional integration are limited, preventing Central Asian countries from achieving balanced political and economic growth. Porous borders and nascent legal traditions allow illicit trafficking to flourish and encourage cross-border terrorist activity, especially along the shared southern border with Afghanistan. Unsecured borders and corrupt border control procedures also hinder regional integration by restricting the essential flow of goods and people that underpin economic linkages. In spite of the many obstacles, there are numerous opportunities for the United States and the countries of Central Asia to build regional stability. For example, efforts to reform and facilitate regional energy markets will utilize the region's substantial natural resources with the aim of creating sustainable and equitable prosperity. In addition, the United States is working to instill the values of democracy by encouraging governmental transparency, working to reform educational systems and fostering independent media.

**Resources to Help Advance Transformational Diplomacy**

**Request by Objective**

(\$ in thousands)	2006 Actual	2007 Estimate	2008 Request
Governing Justly & Democratically	0	*	400
Investing in People	2,038	*	700
Economic Growth	903	*	1,400
<b>Total</b>	<b>2,941</b>	*	<b>2,500</b>

**Request by Account**

(\$ in thousands)	2006 Actual	2007 Estimate	2008 Request
Child Survival and Health	1,238	*	0
Freedom Support Act	1,703	*	2,500
<b>Total</b>	<b>2,941</b>	*	<b>2,500</b>

**Governing Justly and Democratically (\$0.4 million):** Central Asian countries suffer acutely from the lack of an independent media, which stifles democratic progress and civil society. Biased reporting exported to the region routinely mischaracterizes U.S. interests in the region, hurting American efforts to help build democratic, stable, and prosperous nations in Central Asia. Independent assessments show gaps for all Central Asian countries in independent media when compared to more advanced countries. Increasing access to objective information through development of an independent media is critical to the overall foreign assistance programs, especially in such closed societies as Uzbekistan and Turkmenistan. Assistance funding will support media freedom by training journalists at the American University of Central Asia in the Kyrgyz Republic. This program will attract students from across Central Asia, providing students from repressive countries with examples of journalistic best practices from freer nations in South Asia. Regional funds will also support satellite television broadcasting.

**Investing in People (\$0.7 million):** Government expenditure on education lags behind the Transforming category average in every country of Central Asia. Education, particularly the education of women and girls, has declined markedly in the region since the Soviet period. Education is the foundation for improving social development across the board: reducing infant/maternal mortality, improving health care, literacy, civic participation, and economic growth. The regional higher education program will help build the American University of Central Asia in the Kyrgyz Republic into a regional center of excellence, with a department of education and a school of public policy to train civil servants from throughout Central Asia. Similarly, other assistance programs in higher education will establish scholarships to educate leaders from Central Asia in the leading South Asian universities. To ensure sustainability and efficiency, the United States has developed strategic relationships on education with the World Bank and the Asian Development Bank to maximize the value of U.S. Government investments.

**Economic Growth (\$1.4 million):** The United States can best help the countries of Central Asia to increase economic growth through the development of a power corridor for large-scale exports of Central Asian electricity to South Asia. Assistance aims to establish a transparent, competitive electricity market in Central Asia; increase electricity trade; and make development of hydroelectricity resources financially feasible. Assistance will also introduce market-based solutions for current and future regional disputes related to hydroelectric facilities and reservoirs and build the capacity of the Central Asian Republics' electricity regulators to develop the electricity industry while protecting the interest of consumers. This funding will only be used in Central Asia and thus does not overlap with the South Asia Regional Initiative on Energy (SARI-E), funded through the South Asia budget. The Regional Electricity Markets Assistance Program (REMAP) complements the SARI-E initiative, with an initial focus on enhancing cooperation and the integration of electricity systems of Kazakhstan, the Kyrgyz Republic and Tajikistan.

In order to bolster the trade and investment enabling-environment, the United States will focus on reducing trade barriers and burdensome customs regulations in Central Asia. Assistance will encourage host governments to reduce duties and border crossing fees, which will not only bolster regional trade, but reduce corruption at the borders as well.

#### Request by Element

(\$ in Thousands)	2006 Actual	2007 Estimate	2008 Request
<b>TOTAL</b>	2,941	*	2,500
Governing Justly & Democratically	0	*	400
Civil Society	0	*	400
Media Freedom and Freedom of Information	0	*	360
Program Support (Civil Society)	0	*	40
Investing in People	2,038	*	700
Health	2,038	*	0
HIV/AIDS	1,271	*	0
Tuberculosis	238	*	0
Other Public Health Threats	165	*	0
Maternal and Child Health	265	*	0
Family Planning and Reproductive Health	99	*	0
Education	0	*	700
Higher Education	0	*	700
Economic Growth	903	*	1,400

(\$ in Thousands)	2006 Actual	2007 Estimate	2008 Request
Trade and Investment	0	*	175
Trade and Investment Enabling Environment	0	*	157
Program Support (Trade)	0	*	18
Financial Sector	82	*	0
Financial Sector Enabling Environment	74	*	0
Program Support (Financial Sector)	8	*	0
Infrastructure	348	*	1,225
Modern Energy Services	313	*	1,101
Program Support (Infrastructure)	35	*	124
Agriculture	473	*	0
Agricultural Sector Productivity	425	*	0
Program Support (Agriculture)	48	*	0

**SOUTH AND CENTRAL ASIA REGIONAL**  
Regional

**Obstacles and Opportunities for Advancing Transformational Diplomacy**

The activities funded under the South and Central Asia Regional program will address two main concerns. First, the lack of integrated approaches combined with porous borders in South and Central Asia have allowed terrorist safe havens and narcotics trafficking to flourish, especially along Afghanistan's shared borders with countries of South and Central Asia. This situation also hampers efforts to combat trafficking in persons and the spread of illegal arms and weapons of mass destruction. Second, extremism and regional instability will remain threats as long as education remains at current low levels in much of South and Central Asia.

**Resources to Help Advance Transformational Diplomacy**

**Request by Objective**

(\$ in thousands)	2006 Actual	2007 Estimate	2008 Request
Peace & Security	153	*	400
Governing Justly & Democratically	2,945	*	0
Investing in People	520	*	720
<b>Total</b>	<b>3,618</b>	<b>*</b>	<b>1,120</b>

**Request by Account**

(\$ in thousands)	2006 Actual	2007 Estimate	2008 Request
Economic Support Fund	3,465	*	720
Nonproliferation, Antiterrorism & Demining	153	*	400
<b>Total</b>	<b>3,618</b>	<b>*</b>	<b>1,120</b>

**Peace and Security (\$0.4 million):** Non-proliferation, Anti-Terrorism, Demining and Related Programs - Export and Border Security will fund a combined regional workshop on law enforcement and border management, the first of its kind, and will equip participating border security guards and customs officers from South and Central Asia with the basic skill sets needed to detect and prevent trafficking in illicit materials. Enhancing security at the borders in this way will facilitate a move away from illicit trafficking of weapons and narcotics and other items to licit, productive trade and investment. The workshop will be followed up with training, exchanges, and enforcement equipment provided by a number of U.S. assistance programs.

**Investing in People (\$0.72 million):** Education, particularly the education of women and girls, is the foundation for improving development in all areas: reducing infant/maternal mortality, improving health care, basic hygiene, literacy, civic participation, economic growth, and many other areas. Assistance will improve education programs throughout the region with Economic Support Funds. Multi-country programs focusing on basic education will include: promoting child-centered teaching methods and finding innovative ways to work in the tribal regions of Pakistan; focusing on teacher training in Afghanistan; and introducing Western education concepts into education in Central Asia, including in math and science.

### Request by Element

(\$ in Thousands)	2006 Actual	2007 Estimate	2008 Request
<b>TOTAL</b>	3,618	*	1,120
Peace & Security	153	*	400
Counter-Terrorism	153	*	0
Governments' Capabilities	153	*	0
Combating Weapons of Mass Destruction (WMD)	0	*	400
Counter WMD Proliferation and Combat WMD Terrorism	0	*	400
Governing Justly & Democratically	2,945	*	0
Rule of Law and Human Rights	2,725	*	0
Constitutions, Laws, and Legal Systems	250	*	0
Human Rights	2,475	*	0
Civil Society	220	*	0
Media Freedom and Freedom of Information	220	*	0
Investing in People	520	*	720
Education	520	*	720
Basic Education	320	*	720
Higher Education	200	*	0

**SOUTH ASIA REGIONAL**  
Regional

**Obstacles and Opportunities for Advancing Transformational Diplomacy**

The economies of South Asia are booming, resulting in strong emerging global partners who are increasingly concerned about energy security to sustain current growth rates. The regional average economic growth rate of 6 percent per year is constrained by 2-3 percent annually due to the lack of energy, and in some sectors by as much as 13 percent. Only 41 percent of the population in South Asia has access to modern energy - the lowest in the world. Unless South Asian energy constraints are remedied, the current economic boom threatens to become unbalanced, slowing growth and exacerbating already high rates of poverty and inequity. The resulting political backlash could slow progress toward cooperation and greater regional stability. South Asia is in fact rich in many forms of energy and bordered by complementary liquid and gaseous energy resources in the Middle East and Central Asia. The untapped potential of market power within and external to the region, as opposed to the lack of energy resources, drives South Asian energy shortages.

To realize energy security and maintain current growth trends, the USAID South Asia Regional Initiative/Energy (SARI/Energy) program assists eight South Asian countries - Afghanistan, Bhutan, India, Nepal, Bangladesh, Pakistan, Sri Lanka, and the Maldives - in maximizing the full potential of national, regional, and global energy markets. The objective of the SARI/Energy program is to increase South Asian energy security through energy market mechanisms, cross-border trade, and clean energy development. SARI/Energy accomplishments such as the Indo-Sri Lanka electricity submarine cable and the soon-to-be established Indian power exchange, have already demonstrated the benefits of regional energy trade and market mechanisms in harnessing private sector investment.

**Resources to Help Advance Transformational Diplomacy**

**Request by Objective**

(\$ in thousands)	2006 Actual	2007 Estimate	2008 Request
Economic Growth	4,941	*	2,700
<b>Total</b>	<b>4,941</b>	<b>*</b>	<b>2,700</b>

**Request by Account**

(\$ in thousands)	2006 Actual	2007 Estimate	2008 Request
Development Assistance	4,941	*	2,700
<b>Total</b>	<b>4,941</b>	<b>*</b>	<b>2,700</b>

**Economic Growth (\$2.7 million):** Affordable, sufficient, and sustainable sources of energy are essential to the continued economic growth of South Asia. U.S. assistance will increase energy security by supporting energy market design and implementation of power exchanges that will facilitate cross-border energy trade and investment in clean energy resources



### Request by Element

(\$ in Thousands)	2006 Actual	2007 Estimate	2008 Request
<b>TOTAL</b>	4,941	*	2,700
Economic Growth	4,941	*	2,700
Infrastructure	4,941	*	2,700
Modern Energy Services	4,468	*	2,251
Program Support (Infrastructure)	473	*	449

# **WESTERN HEMISPHERE**

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## Western Hemisphere Regional Overview

### Obstacles and Opportunities for Advancing Transformational Diplomacy

#### Request by Account

(\$ in thousands)	2006 Actual	2007 Estimate	2008 Request
Andean Counterdrug Initiative	683,325	*	442,812
Child Survival and Health	140,861	*	107,821
Development Assistance	262,360	*	197,052
Economic Support Fund	120,456	*	363,744
Foreign Military Financing	109,950	*	82,800
Global HIV/AIDS Initiative	65,300	*	104,300
International Military Education & Training	12,876	*	11,967
International Narcotics Control and Law Enforcement	63,535	*	50,530
Nonproliferation, Antiterrorism & Demining	13,710	*	11,267
Public Law 480 (Food Aid)	109,613	*	77,500
Transition Initiatives	13,623	*	0
<b>Total</b>	<b>1,595,609</b>	<b>*</b>	<b>1,449,793</b>

#### Resources to Help Advance Transformational Diplomacy

#### Request by Objective and Area for the Western Hemisphere

	FY 2006 Actual	FY 2008 Request
<b>TOTAL</b>	1,595,609	1,449,793
<b>1 Peace &amp; Security</b>	833,632	763,499
1.1 Counter-Terrorism	26,353	16,189
1.2 Combating Weapons of Mass Destruction (WMD)	1,920	1,000
1.3 Stabilization Operations and Security Sector Reform	188,100	151,604
1.4 Counter-Narcotics	593,751	562,727
1.5 Transnational Crime	3,339	5,979
1.6 Conflict Mitigation and Reconciliation	20,169	26,000
<b>2 Governing Justly &amp; Democratically</b>	166,398	174,631
2.1 Rule of Law and Human Rights	70,933	66,046
2.2 Good Governance	47,488	43,259
2.3 Political Competition and Consensus-Building	20,811	13,613
2.4 Civil Society	27,166	51,713
<b>3 Investing in People</b>	362,996	325,884
3.1 Health	244,766	244,029
3.2 Education	73,444	39,355
3.3 Social and Economic Services and Protection for Vulnerable Populations	44,786	42,500
<b>4 Economic Growth</b>	207,341	181,789
4.1 Macroeconomic Foundation for Growth	8,350	-
4.2 Trade and Investment	50,932	74,873
4.3 Financial Sector	3,877	1,924

4.4 Infrastructure	6,218	3,430
4.5 Agriculture	52,178	50,839
4.6 Private Sector Competitiveness	17,840	20,838
4.7 Economic Opportunity	8,806	7,355
4.8 Environment	59,140	22,530
<b>5 Humanitarian Assistance</b>	<b>25,242</b>	<b>3,990</b>
5.1 Protection, Assistance and Solutions	24,462	2,000
5.2 Disaster Readiness	480	1,990
5.3 Migration Management	300	-

In 2006, 17 nations in the Western Hemisphere held presidential, parliamentary, or legislative elections. These elections highlighted what President Bush has called a "revolution of expectations" among voters, who expect responsive, accountable governments capable of responding to their needs. U.S. policy in the region is designed to help governments respond to their citizens by strengthening democracy, engendering widespread economic growth, building human capacity, and promoting security.

Development goals for the region are reflected in a common hemispheric agenda shaped by the Summits of the Americas and in the principle of representative democracy enshrined in the Inter-American Democratic Charter adopted in September 2001. It states that (1) the peoples of the Americas have a right to democracy and their governments have an obligation to promote and defend it, and (2) democracy is essential for the social, political, and economic development of the peoples of the Americas. Both bilaterally and in collaboration with such entities as the Organization of American States (OAS) and other institutions of the Inter-American system, the U.S is working to reduce poverty, inequality, political marginalization, and exclusion.

Foreign assistance for Latin America has nearly doubled since the start of the Administration, rising from \$862 million in FY 2001 to \$1.6 billion in FY 2008, including FY 2008 projected MCC disbursements. Colombia, Bolivia, Ecuador, Peru, and Haiti account for 70% of the region's FY 2008 budget request and remain priorities for the Administration's transformational diplomacy efforts. In contrast, the same five countries made up only 64% the FY 2006 budget. The FY 2008 budget request includes funding for Cuba to meet the Commission for Assistance to a Free Cuba II recommendations and continues our substantial support for implementation of the Central American and Dominican Republic Free Trade Agreement. In addition to State and USAID funds, on-going MCC funding includes compacts with Nicaragua (\$175 million), Honduras (\$215 million), El Salvador (\$461 million), and a Threshold Country Program for Paraguay (\$35 million). Guyana (\$12 million) and Peru are also eligible for Threshold Programs and hope to seek approval for funding in the near future.

**Peace & Security (\$763.5 million):** With all but one of the hemisphere's governments elected democratically, the principal security threat is no longer state to state warfare, but terrorism, organized crime, and trafficking in people and illicit goods, including illegal narcotics, which transcend national boundaries. The United States, working through the Summit of the Americas and the OAS, will continue to help reshape the Western Hemisphere's security agenda and institutions. Through law enforcement and intelligence cooperation, the ability to respond to new threats will be strengthened. The U.S. will continue building a new understanding of the linkage between security, economic prosperity, and the well-being of democratic institutions. Efforts will continue to reduce trafficking in persons and illicit goods, and provide alternatives to rural livelihoods built on the production of illegal narcotics.

**Governing Justly & Democratically (\$174.6 million):** Assistance programs will support efforts to create competitive and inclusive political systems so that all citizens have access to political power. With greater competition, less corruption, greater accountability of elected officials, and better stewardship of state resources, citizens of the region will enjoy an improved quality of life. To achieve this, programs will strengthen judicial independence and capacity, internal controls, and effective prosecution of corruption and other complex crimes. Assistance programs will also strengthen institutions of representative democracy, such as political parties, legislatures, executive agencies, media, and civil society.

**Economic Growth (\$181.8 million):** Access to economic opportunity, and the social mobility that it creates, are fundamental components of social justice and promoting prosperity. The U.S. will work with governments to fight poverty in the region by reducing the obstacles to entering the formal economy, implementing free trade agreements in Central America, the Dominican Republic, and the Andes, and improving weak investment climates. Assistance programs will enhance the ability of countries to improve income equality by increasing access of the poor to productive assets, improve the capacity of small and medium-sized enterprises, especially in the rural sector, to participate in and benefit from trade-led growth in a competitive, global environment. The U.S. will continue to press for market reform, transparency, and regulatory and legal environments conducive to opening and expanding the domestic private sector as well as attracting investment - domestic and foreign - that will expand employment opportunities. Programs will improve access to energy and explore possibilities of alternative fuels both as a way to create renewable energy as well as a source of employment. The U.S. will work to strengthen institutional capacities to reinforce labor rights, reduce corruption, and improve the overall environment for investment.

**Investing in People & Humanitarian Assistance (\$225.6 million):** Poverty, inequality, and social and political exclusion have denied many in the Americas access to opportunity. The United States will continue to invest in improved access to and quality of basic and advanced education, training, and health care, reduction of disease and disability, improved access to safe drinking water and sanitation services, better protection and management of natural and environmental resources, and security for their families and their property. The United States will provide life-saving humanitarian relief to refugees, displaced persons, and other vulnerable populations facing violent conflict, crisis, natural disasters, famine, persistent and dire poverty, and HIV/AIDS. The USG will also prepare for possible pandemics such as avian influenza. Programs will focus on preparation for potential natural disasters and environmental protection, and will help U.S. hemispheric neighbors develop the capacity to overcome these challenges and reduce vulnerabilities. These efforts will continue to help unlock the vast potential of the peoples of the Americas and will contribute to the sustainability of democracy and economic growth.

Please note that FY 2006 appropriations include P.L 480 Title II Emergency Food Aid programs allocated to countries on an as-needed basis over the course of FY 2006. The FY 2008 P.L. 480 Title II Emergency Food Aid request has not been allocated to specific countries, as emergency food aid needs will be determined on an as-needed basis over the course of FY 2008. The result of these differences in the allocation of emergency food aid between FY 2006 and FY 2008 is significant in Africa and marginally so for SCA. It is not significant for this region where emergency food aid was a very small percentage of total assistance to the region in FY 2006.

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**ARGENTINA**  
Sustaining Partnership

**Obstacles and Opportunities for Advancing Transformational Diplomacy**

Argentina plays a key role in hemispheric affairs. The top U.S. priorities in Argentina are to promote economic recovery and democratic institutions, and to enhance our partnership in promoting global security. U.S. foreign assistance is focused on Peace and Security as Argentina is a Sustaining Partner country. Despite Argentina's surprisingly robust economic recovery from the devastating 2001-2002 financial crisis, it is still coming to terms with the political, economic, and social consequences of this crisis. The Government of Argentina (GOA) has supported U.S. security goals during its 2005-2006 tenure on the United Nations (UN) Security Council, as well as through participation in international peacekeeping operations and in advocating weapons of mass destruction (WMD) non-proliferation. Argentina also cooperates with the United States in counterterrorism and counter-narcotics activities.

**Resources to Help Advance Transformational Diplomacy**

**Request by Objective**

(\$ in thousands)	2006 Actual	2007 Estimate	2008 Request
Peace & Security	1,632	*	2,022
<b>Total</b>	<b>1,632</b>	<b>*</b>	<b>2,022</b>

**Request by Account**

(\$ in thousands)	2006 Actual	2007 Estimate	2008 Request
International Military Education & Training	1,082	*	947
International Narcotics Control and Law Enforcement	0	*	305
Nonproliferation, Antiterrorism & Demining	550	*	770
<b>Total</b>	<b>1,632</b>	<b>*</b>	<b>2,022</b>

**Peace and Security (\$2.0 million):** International Military Education and Training (IMET) courses strengthen the concept of a professional, appropriately sized military, dedicated to the rule of law, and subordinated to civilian control. They also enhance Argentine interoperability with U.S. and NATO forces.

Having contributed to eight different UN peacekeeping missions, Argentina ranks third among Latin American nations in number of peacekeeping participants. Budget constraints have reduced this participation, but Argentina's commitment to contributing to international stability remains firm. Funding for peacekeeping training further encourages Argentina's participation in international peacekeeping operations, allowing U.S. military resources to be focused elsewhere. The GOA maximizes the hemispheric impact of its peacekeeping expertise by training peacekeeping units of other Latin American militaries at its peacekeeping training academy, and by sending instructors to assist Central American militaries in developing peacekeeping capabilities.

Argentina has sophisticated nuclear and chemical sectors, and is a leader in practicing and advocating non-proliferation and interdiction of WMD. It is the only South American country that has endorsed the Proliferation Security Initiative (PSI). Argentina is also the only country in the region to participate in the 20-state PSI Operational Experts Group. Funds will be used to



train and equip Argentine Customs to strengthen inspection-level enforcement and investigations, as well as conduct industry outreach on the licensing process for dual-use exports. This will assist the GOA in tightening its control over dual-use technology transfers. U.S. Coast Guard training of Argentina's Prefectura (Coast Guard) will further enhance its maritime enforcement capabilities, and improve security at major container cargo ports. This training will build on our existing investment in transforming the port of Buenos Aires into an operational Container Security Initiative port, which targets and pre-screens high-risk maritime cargo containers destined for the United States.

The trafficking of illicit narcotics through Argentina via commercial air carriers to the U.S. East Coast, especially New York, remains a concern. The GOA believes small, private aircraft are increasingly being used to smuggle narcotics into Argentina from Paraguay and Bolivia. Although most of these drugs remain in Argentina or are trans-shipped to Europe, some make their way to the United States. INCLE funding is used to provide training and operational support for narcotics trafficking interdiction.

### Request by Element

(\$ in Thousands)	2006 Actual	2007 Estimate	2008 Request
<b>TOTAL</b>	1,632	*	2,022
Peace & Security	1,632	*	2,022
Counter-Terrorism	0	*	470
Governments' Capabilities	0	*	470
Combating Weapons of Mass Destruction (WMD)	550	*	300
Counter WMD Proliferation and Combat WMD Terrorism	550	*	300
Stabilization Operations and Security Sector Reform	1,082	*	947
Operations Support	271	*	215
Defense, Military, and Border Restructuring, Reform and Operations	811	*	732
Counter-Narcotics	0	*	105
Interdiction	0	*	105
Transnational Crime	0	*	200
Trafficking-in-Persons and Migrant Smuggling	0	*	200

### Statement of Changes

Funding for Argentina has remained consistent with FY 2006 levels. INCLE funding in FY 2006 was not reflected in the bilateral country program, but rather in INL's regional program. IMET funding has decreased by approximately \$135,000 and is consistent with program needs to assist the Argentine military.

**BAHAMAS**  
Sustaining Partnership

**Obstacles and Opportunities for Advancing Transformational Diplomacy**

The Bahamas, an archipelago the size of California strategically situated only 50 miles from U.S. shores, offers the U.S. vital opportunities to disrupt the movement of illicit drugs and illegal migrants, combat international financial crime, and protect U.S. shores from terrorism. U.S. Foreign Assistance is focused on Peace and Security as the Bahamas is a Sustaining Partner country. By encouraging The Bahamas to speak out within the region and globally for the values we share, we can help promote democracy, stability, free trade and economic prosperity in the Caribbean region and address human rights challenges worldwide.

**Resources to Help Advance Transformational Diplomacy**

**Request by Objective**

(\$ in thousands)	2006 Actual	2007 Estimate	2008 Request
Peace & Security	1,747	*	1,200
<b>Total</b>	<b>1,747</b>	<b>*</b>	<b>1,200</b>

**Request by Account**

(\$ in thousands)	2006 Actual	2007 Estimate	2008 Request
Foreign Military Financing	99	*	0
International Military Education & Training	399	*	200
International Narcotics Control and Law Enforcement	495	*	500
Nonproliferation, Antiterrorism & Demining	754	*	500
<b>Total</b>	<b>1,747</b>	<b>*</b>	<b>1,200</b>

**Peace and Security (\$1.2 million):** The United States can best assist The Bahamas in establishing Peace and Security programs by focusing on stabilization operations, and security sector reform, counter-narcotics and counter-terrorism. With regards to stabilization operations and security sector reform, U.S. support will continue to develop a more professional and efficient security force and improve maritime and border security capabilities by providing basic military and maritime training to the Royal Bahamas Defense Force (RBDF).

In the area of counter-narcotics, U.S. investment will continue to focus on interdiction efforts. The Bahamas remains a major entry point for illegal drugs, illegal migrants and contraband from Haiti, Cuba and other countries. Operation Bahamas, Turks and Caicos (OPBAT), a multi-national, multi-agency drug interdiction effort, that brings together personnel from the Drug Enforcement Administration, the Department of Homeland Security (including the U.S. Coast Guard and U.S. Customs), the Defense Department, the Department of State, the Royal Bahamas Police Force, and the Royal Turks and Caicos Islands Police, will continue to spearhead U.S. efforts to protect the South East border of the U.S. from international drug trafficking into and through The Bahamas.

Since the Bahamas serves as a major point of entry of people and goods to the United States, U.S. assistance will continue to focus on counter-terrorism training, developing local anti-terror capacity, and providing equipment to make The Bahamas and the United States more secure against terrorism. Vessels and aircraft moving through the Bahamas archipelago often carry

drugs or smuggle people that could be used by terrorists. U.S. assistance to the Royal Bahamian Defense Forces and Police Forces help them increase their capacity to patrol the waters more effectively and enhance intelligence collection. For example, in 2006 the U.S. provided training to Bahamian police divers so they could inspect below the water line on ship hulls and port areas. Freeport, Bahamas is now part of both the U.S. Department of Energy's Megaports Program and the Department of Homeland Security's Container Security Initiative. Continued U.S. funding of these initiatives will allow for training and capacity development to protect our border and protect the 4 million Americans who travel to The Bahamas every year.

### Request by Element

(\$ in Thousands)	2006 Actual	2007 Estimate	2008 Request
<b>TOTAL</b>	1,747	*	1,200
Peace & Security	1,747	*	1,200
Counter-Terrorism	754	*	500
Governments' Capabilities	754	*	500
Stabilization Operations and Security Sector Reform	498	*	200
Defense, Military, and Border Restructuring, Reform and Operations	498	*	200
Counter-Narcotics	495	*	500
Interdiction	495	*	500

### Statement of Changes

Funding for the Bahamas has decreased from FY 2006 levels in several accounts, including NADR and IMET. The remaining funding levels are consistent with program needs to achieve U.S. policy goals. FMF funding was eliminated due to a refocusing of support on training and capacity development of local police and security personnel. The reduction of Foreign Military Financing (FMF) to the Bahamas reflects competing priorities worldwide.

**BELIZE**  
Sustaining Partnership

**Obstacles and Opportunities for Advancing Transformational Diplomacy**

With numerous islands and significant territorial waters in the Caribbean, Belize is a focal point for drug runners and human traffickers. It is currently incapable of adequately patrolling such a vast area with its nascent Coast Guard. U.S. assistance supports this Sustaining Partner country by strengthening Belizean interdiction and border security capabilities.

**Resources to Help Advance Transformational Diplomacy**

**Request by Objective**

(\$ in thousands)	2006 Actual	2007 Estimate	2008 Request
Peace & Security	492	*	370
<b>Total</b>	<b>492</b>	<b>*</b>	<b>370</b>

**Request by Account**

(\$ in thousands)	2006 Actual	2007 Estimate	2008 Request
Development Assistance	0	*	200
Foreign Military Financing	198	*	0
International Military Education & Training	294	*	170
<b>Total</b>	<b>492</b>	<b>*</b>	<b>370</b>
Peace Corps	1842	*	2115

**Peace and Security (\$0.4 million):** The U.S. will provide military training and assistance for the Belize Defense Force and the recently-established Belize National Coast Guard. This training will help improve the professionalism of the two units, and improve Coast Guard operation and interdiction capabilities. This will result in enhanced protection of territorial sovereignty, improved maritime safety and search-and-rescue missions, increased protection of the rich marine environment, and a strengthened deterrent to illicit traffickers.

In the area of transnational crime, U.S. supports efforts to combat the trafficking in persons. Belize is currently a Tier 3 country on the Department's Annual Trafficking in Persons Report (2006). U.S. assistance will increase law enforcement efforts under the anti-trafficking law, make appreciable progress in protecting victims, and devote resources to preventing trafficking.

**Request by Element**

(\$ in Thousands)	2006 Actual	2007 Estimate	2008 Request
<b>TOTAL</b>	492	*	370
Peace & Security	492	*	370
Stabilization Operations and Security Sector Reform	492	*	170
Defense, Military, and Border Restructuring, Reform and Operations	492	*	170
Transnational Crime	0	*	200
Trafficking-in-Persons and Migrant Smuggling	0	*	200

### **Statement of Changes**

From FY 2006 to FY 2008 the Belize program shifted from a focus on stabilization operations and security sector reform to trafficking-in-persons and migrant smuggling in order to tackle Belize's priority security issues. The shift was financed by a decrease in International Military Education and Training funds and an increase in Development Assistance funds. The reduction of Foreign Military Financing (FMF) to Belize reflects competing priorities worldwide.

**BOLIVIA**  
Transforming

**Obstacles and Opportunities for Advancing Transformational Diplomacy**

U.S. priorities in Bolivia are to strengthen fragile democratic institutions and processes; reverse the growth of illegal coca cultivation and cocaine production and disrupt trafficking routes; and reduce social and economic exclusion. The underpinnings of U.S. efforts are (1) the goal of closer ties between the United States, the Bolivian people, and the international community and (2) the tangible benefits that come with greater economic and political integration.

The United States' primary challenge in Bolivia is to support democracy actively in a country with a history of political unrest and an environment characterized by intense debate over Bolivia's political and economic future. Against this backdrop, Bolivia remains the poorest nation in South America and the third largest producer of illicit coca and cocaine, with serious social and economic problems and regional fragmentation. To help meet these challenges, partnerships will be developed with regional and local governments and non-governmental organizations (NGO), the private sector, and other non-executive branch entities to prevent further erosion of democracy, combat cocaine production and trafficking, improve healthcare, and increase educational opportunities.

**Resources to Help Advance Transformational Diplomacy**

**Request by Objective**

(\$ in thousands)	2006 Actual	2007 Estimate	2008 Request
Peace & Security	76,230	*	48,213
Governing Justly & Democratically	15,759	*	24,300
Investing in People	26,226	*	21,500
Economic Growth	15,575	*	15,700
Humanitarian Assistance	0	*	2,000
<b>Total</b>	<b>133,790</b>	<b>*</b>	<b>111,713</b>

**Request by Account**

(\$ in thousands)	2006 Actual	2007 Estimate	2008 Request
Andean Counterdrug Initiative	79,200	*	30,000
Child Survival and Health	17,233	*	11,500
Development Assistance	10,091	*	39,000
Economic Support Fund	5,940	*	17,000
International Military Education & Training	0	*	188
International Narcotics Control and Law Enforcement	0	*	600
Nonproliferation, Antiterrorism & Demining	0	*	425
Public Law 480 (Food Aid)	15,953	*	13,000
Transition Initiatives	5,373	*	0
<b>Total</b>	<b>133,790</b>	<b>*</b>	<b>111,713</b>
Peace Corps	2888	*	2858

**Peace and Security (\$48.2 million):** U.S. assistance will continue to integrate and bolster efforts in counternarcotics--eradication, interdiction, and alternative development. While all three are

critical to combating cocaine production and trafficking, the Government of Bolivia's (GOB's) coca cultivation policy of relying on voluntary eradication compliance undercuts eradication efforts. Therefore, funding is primarily directed towards interdiction and alternative development. U.S. assistance will build local support for coca control and eradication, as well as improve the licit non-coca economy in coca growing areas. Public diplomacy efforts will highlight the damage to Bolivian society and Bolivia's neighbors caused by increased coca cultivation and cocaine, stress the benefits of alternative development and interdiction, and continue to fortify law enforcement cooperation and strengthen law enforcement capability.

**Governing Justly and Democratically (\$24.3 million):** U.S. assistance will encourage Bolivians to respect institutions and processes, support efforts to pursue pluralistic and representative democracy, and promote a more transparent form of representative government based on systemic checks and balances. Funding will be used to strengthen the Congress as well as state and local governments, encourage moderate national leaders, support legislation that complies with international standards to combat corruption and money laundering, and expand public diplomacy to emphasize the positive correlation between democracy and development. Activities will include training for judges, prosecutors, public defenders, and the police. U.S. assistance will also be provided to support an active, credible civil society as an important element of Bolivian democracy and to strengthen political parties.

**Investing in People (\$21.5 million):** Focusing on education and health, U.S. assistance will encourage greater civil society participation in the delivery of social services and help develop the capacity of state governments to respond to citizens' needs. By supporting exchange programs, training, and educational scholarships, as well as partnering with NGOs, local governments, and small- and medium-sized health providers, the U.S. will seek to build a new generation of moderate national leaders and promote the political development of indigenous communities. Such investments in education and health will support the promotion of just and democratic governance. U.S. assistance will emphasize prevention and control of infectious diseases; maternal and child health; and family planning and reproductive health.

**Economic Growth (\$15.7 million):** U.S. assistance aims to improve agricultural production, value-added manufacturing, and exports to Latin America, the United States, and Europe. Trade knowledge and skills will be strengthened by providing trade information to small businesses to help them link import-export markets and comply with international standards. Funds will be used to open new markets for agricultural products and encourage Bolivia to negotiate a Millennium Challenge Account (MCA) compact. Policy dialogue with the GOB will focus on proposals to reduce financial market distortions. U.S. assistance will strive to protect Bolivia's vast biodiversity and promote economic growth by engaging local indigenous communities, helping Bolivia establish regulatory oversight and technical norms to manage its forests, and focusing on exports and job creation (such as eco-tourism) associated with a regulated forestry sector. The food security program will support democratic participation and benefit Bolivia's poorest through food-for-work, on-farm and community infrastructure, and related activities.

**Humanitarian Assistance (\$2.0 million):** U.S. humanitarian assistance will support activities to decrease chronic malnutrition, increase the income of rural households through agribusiness development, and add value to the agricultural products sold by targeted beneficiaries.

### Request by Element

(\$ in Thousands)	2006 Actual	2007 Estimate	2008 Request
<b>TOTAL</b>	133,790	*	111,713
Peace & Security	76,230	*	48,213
Counter-Terrorism	0	*	425
Governments' Capabilities	0	*	425
Stabilization Operations and Security Sector Reform	1,364	*	188
Defense, Military, and Border Restructuring, Reform and Operations	34	*	188
Law Enforcement Restructuring, Reform and Operations	1,330	*	0
Counter-Narcotics	74,836	*	47,000
Eradication	16,890	*	7,528
Alternative Development and Alternative Livelihoods	31,652	*	17,000
Interdiction	19,689	*	18,138
Drug Demand Reduction	847	*	534
Program Support (Narcotics)	5,758	*	3,800
Transnational Crime	30	*	600
Financial Crimes and Money Laundering	30	*	0
Trafficking-in-Persons and Migrant Smuggling	0	*	600
Governing Justly & Democratically	15,759	*	24,300
Rule of Law and Human Rights	3,658	*	9,156
Constitutions, Laws, and Legal Systems	1,473	*	0
Justice System	2,049	*	8,656
Program Support (Rule of Law)	136	*	500
Good Governance	9,195	*	7,953
Legislative Function and Processes	1,042	*	2,453
Local Government and Decentralization	8,013	*	5,000
Program Support (Governance)	140	*	500
Political Competition and Consensus-Building	99	*	763
Political Parties	0	*	600
Program Support (Political Competition)	99	*	163
Civil Society	2,807	*	6,428
Civic Participation	2,485	*	5,928
Media Freedom and Freedom of Information	172	*	0
Program Support (Civil Society)	150	*	500
Investing in People	26,226	*	21,500
Health	22,992	*	15,500
HIV/AIDS	990	*	0
Tuberculosis	990	*	500
Avian Influenza	100	*	0
Other Public Health Threats	1,485	*	1,000
Maternal and Child Health	10,169	*	7,000
Family Planning and Reproductive Health	7,690	*	7,000
Water Supply and Sanitation	1,568	*	0
Education	882	*	6,000
Basic Education	882	*	2,000
Higher Education	0	*	4,000
Social and Economic Services and Protection for Vulnerable Populations	2,352	*	0



(\$ in Thousands)	2006 Actual	2007 Estimate	2008 Request
Social Assistance	2,352	*	0
Economic Growth	15,575	*	15,700
Trade and Investment	2,592	*	3,005
Trade and Investment Enabling Environment	0	*	2,858
Trade and Investment Capacity	2,522	*	0
Program Support (Trade)	70	*	147
Financial Sector	844	*	1,124
Financial Sector Enabling Environment	0	*	958
Financial Services	764	*	0
Program Support (Financial Sector)	80	*	166
Agriculture	6,006	*	7,871
Agricultural Sector Productivity	5,961	*	7,777
Program Support (Agriculture)	45	*	94
Environment	6,133	*	3,700
Natural Resources and Biodiversity	6,121	*	3,405
Program Support (Environment)	12	*	295
Humanitarian Assistance	0	*	2,000
Protection, Assistance and Solutions	0	*	2,000
Crisis Assistance and Recovery	0	*	2,000

#### **Linkages with the Millennium Challenge Corporation (MCC)**

The Millennium Challenge Corporation is working with the GOB to sign an MCA compact. The Government's \$609 million project proposal focuses on transportation, infrastructure, and financial services.

#### **Statement of Changes**

Funding for Bolivia has decreased from FY 2006 levels by \$22 million across several accounts. Alternative development programs previously financed with ACI funds were shifted to the ESF account. CSH cuts were generally offset by increases in DA so that critical interventions in health and education are sustained. IMET funding increased from zero funding to nearly \$200,000 due to the de-linking of IMET from ASPA (American Service Members Protection Act) sanctions. The reduction of Foreign Military Financing (FMF) to Bolivia reflects competing priorities worldwide.

**BRAZIL**  
Transforming

**Obstacles and Opportunities for Advancing Transformational Diplomacy**

Brazil is an emerging regional leader and is seeking to expand its presence on the world stage. Brazil is the world's fifth most populous country and eleventh largest economy with a resource-rich territory occupying about half of South America. A somewhat ineffective judicial system, an absence of the rule of law, and endemic infectious diseases in many poor corners of the country contribute to poverty and inequality, which in turn have fueled high levels of criminal violence. Brazil is a major transit country for illegal narcotics flows and faces a growing domestic drug abuse problem. The tri-border area shared with Argentina and Paraguay hosts significant illicit activities that could potentially provide funding for terrorist activities around the world. Brazil is an important player on many international environmental and health issues. Presidents Bush and Lula agreed in 2005 to a strategic partnership to expand bilateral cooperation.

U.S. priorities in Brazil to advance the Transformational Diplomacy Goal center on activities to gain Brazil's support on international issues; promote stability and security; strengthen law enforcement cooperation and capacity; and reduce infectious disease.

**Resources to Help Advance Transformational Diplomacy**

**Request by Objective**

(\$ in thousands)	2006 Actual	2007 Estimate	2008 Request
Peace & Security	7,055	*	1,718
Investing in People	3,605	*	2,000
Economic Growth	2,899	*	0
<b>Total</b>	<b>13,559</b>	<b>*</b>	<b>3,718</b>

**Request by Account**

(\$ in thousands)	2006 Actual	2007 Estimate	2008 Request
Andean Counterdrug Initiative	5,940	*	1,000
Child Survival and Health	3,605	*	2,000
Development Assistance	2,899	*	0
International Military Education & Training	0	*	188
Nonproliferation, Antiterrorism & Demining	1,115	*	530
<b>Total</b>	<b>13,559</b>	<b>*</b>	<b>3,718</b>

**Peace and Security (\$1.7 million):** Brazil is a major transit country for narcotics, money laundering, and trafficking in persons. Brazil borders three major cocaine-source countries and has relatively well-developed communications, infrastructure, and banking services that make it a growing transit route for illicit narcotics to North America and Europe. NADR funds will permit the introduction to Brazil of enhanced capabilities to track, deter, and prevent the movement of terrorists through Brazilian ports of entry, including its airports. The United States is also concerned about terrorism financing in the Tri-Border Area of Argentina, Brazil, and Paraguay. Engaging the Brazilian government is key to strengthening Brazil's capabilities to combat these issues. In the area of counter-narcotics, programs will strengthen interdiction and support training and equipping of law enforcement to combat narco-trafficking, and continue demand

reduction and youth outreach activities. Brazil is a key partner in promoting regional stability and a leader in peacekeeping operations (PKO) in the hemisphere, contributing 1,200 troops to the United Nations mission in Haiti (MINUSTAH) as well as commanding the force. Greater Brazilian engagement in the region allows U.S. military resources to be focused elsewhere. International Military Education and Training (IMET) assistance to the Brazilian military will foster increased cooperation, exchange and interoperability with U.S. military forces; strengthen Brazilian capabilities to contribute to international peacekeeping missions, the global war on terrorism, and counter-narcotics efforts; and help contribute to efforts to build a professional Brazilian military dedicated to the rule of law and respect for human rights.

**Investing in People (\$2.0 million):** Better management of infectious diseases will directly foster sustainable development in Brazil, which in turn, will strengthen Brazil's capacity to contribute as a global partner of the United States. The U.S. will support efforts to combat tuberculosis (TB) by continuing to promote the World Health Organization-recommended TB control strategy by working with municipal and state governments in target areas. The program will also enhance the capacity of TB health workers and enhance the management and quality control system to ensure a continuous supply of high quality anti-TB drugs.

#### Request by Element

(\$ in Thousands)	2006 Actual	2007 Estimate	2008 Request
<b>TOTAL</b>	13,559	*	3,718
Peace & Security	7,055	*	1,718
Counter-Terrorism	1,115	*	530
Deny Terrorist Sponsorship, Support and Sanctuary	0	*	530
Governments' Capabilities	1,115	*	0
Stabilization Operations and Security Sector Reform	0	*	188
Defense, Military, and Border Restructuring, Reform and Operations	0	*	188
Counter-Narcotics	5,940	*	1,000
Interdiction	5,062	*	300
Drug Demand Reduction	500	*	0
Program Support (Narcotics)	378	*	700
Investing in People	3,605	*	2,000
Health	2,714	*	2,000
HIV/AIDS	22	*	0
Tuberculosis	2,692	*	2,000
Social and Economic Services and Protection for Vulnerable Populations	891	*	0
Social Services	891	*	0
Economic Growth	2,899	*	0
Trade and Investment	540	*	0
Trade and Investment Enabling Environment	500	*	0
Program Support (Trade)	40	*	0
Infrastructure	990	*	0
Modern Energy Services	811	*	0
Program Support (Infrastructure)	179	*	0
Private Sector Competitiveness	450	*	0
Business Enabling Environment	408	*	0
Program Support (Private Sector)	42	*	0
Environment	919	*	0
Natural Resources and Biodiversity	919	*	0

### **Statement of Changes**

Funding for Brazil has decreased by nearly \$10 million from FY 2006 levels. U.S. assistance is focused in this Transforming country on the critical interventions of counter-narcotics assistance, managing infectious diseases, and assistance to the Brazilian military. IMET funding increased from no funding to nearly \$200,000 due to the de-linking of IMET from ASPA (American Service Members Protection Act) sanctions.

**CHILE**  
Sustaining Partnership

**Obstacles and Opportunities for Advancing Transformational Diplomacy**

Chile is a solidly democratic and comparatively prosperous country, but key challenges remain to advancing transformational diplomacy goals. Chile is a transit country for narcotics trafficking and other international crimes, such as money laundering and trafficking in persons. Chilean law enforcement authorities are monitoring links to possible terrorist entities active in the tri-border region. Intellectual property rights piracy is also a growing problem. Chile suffers from a generally poor educational system and significant environmental problems. Energy shortages coupled with dependence on external sources of energy, flat levels of foreign investment, poverty, poor intellectual property rights protections, a dependence on primary exports and inadequate innovation threaten Chile's ability to complete the transition to a developed economy.

Opportunities for advancing the transformational diplomacy goal include promoting regional prosperity and security through enhanced bilateral and multilateral economic and commercial ties, military cooperation, and cooperation on regional and global issues. The successful implementation of these types of programs will further strengthen Chile's democracy and economy and allow Chile become a strong regional and hemispheric partner.

**Resources to Help Advance Transformational Diplomacy**

**Request by Objective**

(\$ in thousands)	2006 Actual	2007 Estimate	2008 Request
Peace & Security	1,708	*	1,350
<b>Total</b>	<b>1,708</b>	<b>*</b>	<b>1,350</b>

**Request by Account**

(\$ in thousands)	2006 Actual	2007 Estimate	2008 Request
Foreign Military Financing	592	*	0
International Military Education & Training	646	*	600
International Narcotics Control and Law Enforcement	0	*	100
Nonproliferation, Antiterrorism & Demining	470	*	650
<b>Total</b>	<b>1,708</b>	<b>*</b>	<b>1,350</b>

**Peace and Security (\$1.4 million):** The United States can best assist Chile in establishing peace and security by focusing on stabilization operations and security sector reform, counter-narcotics, and combating weapons of mass destruction.

With regard to stabilization operations and security sector reform, U.S. investments support defense and military restructuring, reform, and operations. Engagement with Chile's security forces will strengthen modernization efforts, increase interoperability with U.S. forces, and further civilian control over the military. Chile remains an important partner in regional peacekeeping operations, allowing U.S. military resources to be focused elsewhere. U.S. programs directly strengthen Chile's capacity to sustain its contributions to ongoing peacekeeping operations and prepare for contributions to future operations.

U.S. investments train and equip Chilean law enforcement agencies to strengthen their ability to combat narco-trafficking, stem international crime and combat international terrorism. Investments that bolster Chilean port security and customs operations will strengthen Chile's capacity to combat proliferation of weapons of mass destruction.

### Request by Element

(\$ in Thousands)	2006 Actual	2007 Estimate	2008 Request
<b>TOTAL</b>	1,708	*	1,350
Peace & Security	1,708	*	1,350
Counter-Terrorism	0	*	350
Governments' Capabilities	0	*	350
Combating Weapons of Mass Destruction (WMD)	470	*	300
Counter WMD Proliferation and Combat WMD Terrorism	470	*	300
Stabilization Operations and Security Sector Reform	1,238	*	600
Operations Support	592	*	180
Defense, Military, and Border Restructuring, Reform and Operations	646	*	420
Counter-Narcotics	0	*	100
Interdiction	0	*	100

### Statement of Changes

Funding for Chile has decreased minimally from FY 2006 levels. INCLE funding in FY 2006 was not reflected in the bilateral country program, but rather in a regional program. U.S. support for weapons of mass destruction programs will be increased by \$180,000. IMET funding has decreased approximately by \$46,000, but is consistent with program needs to assist the Chilean military. The reduction of Foreign Military Financing (FMF) to Chile reflects competing priorities worldwide.

## COLOMBIA

### Rebuilding

#### **Obstacles and Opportunities for Advancing Transformational Diplomacy**

The United States and Colombia recognize that goals for a rebuilding country can only be met through continuing the ongoing comprehensive approach to support a unified campaign against narcotics trafficking and terrorism. The United States plans to accomplish this by strengthening Colombian state institutional capacity to promote economic and social development, alternative development, to provide humanitarian assistance, to protect human rights and the rule of law, as well as to continue interdiction and eradication programs. Transformational diplomacy supports Colombia's new realities based on progress that has been made under Plan Colombia and the U.S. national interest for a strong and successful Colombia in the Andean region. Colombia remains locked in a difficult armed conflict, in which the most important, but not sole, U.S. interests are to stem the flow of drugs and defeat the country's three foreign terrorist organizations. The United States seeks to eliminate the illicit drug trafficking that directly endangers or kills thousands of American citizens each year; support institutional democracy and the rule of law; promote human rights; assist the disadvantaged through market-based development and humanitarian assistance; protect U.S. citizens and commercial interests; and fight Colombian terrorist organizations, one of which will have held three U.S. citizens hostage for four years on February 13, 2007. The Government of Colombia (GOC) shares these goals and has been a steadfast partner in their pursuit.

Despite significant progress, many areas are still not yet free of competing narco-terrorist groups. As the Colombian government establishes control, whether through military and police operations or demobilization programs, it must provide recovered communities with government services, capable law enforcement, a working criminal justice system, licit economic opportunities, and the encouragement of a strengthened civil society in order to replace the illegitimate influence of illegal armed groups. President Uribe, who was re-elected with a convincing mandate in May 2006, is maintaining his strong commitment to these programs and has increased the government's counter-narcotics and counter-terror efforts. This has resulted in over 212,000 hectares (525,000 acres) of coca and opium poppy sprayed or manually eradicated in 2006, increased seizures of illicit drugs, the demobilization or desertion of 35,000 members of terrorist organizations, increased military and law enforcement activity, and new programs for economic development and good government. At the same time, Colombia has significantly augmented defense and social program spending and the GOC is levying an extra "war tax" in 2007-2011 that is expected to provide over \$3.5 billion to pay for increased military equipment and personnel costs.

#### **Resources to Help Advance Transformational Diplomacy**

##### **Request by Objective**

(\$ in thousands)	2006 Actual	2007 Estimate	2008 Request
Peace & Security	492,590	*	526,254
Governing Justly & Democratically	24,250	*	24,256
Investing in People	30,690	*	35,000
Economic Growth	8,500	*	4,200
Humanitarian Assistance	7,973	*	0
<b>Total</b>	<b>564,003</b>	<b>*</b>	<b>589,710</b>

### Request by Account

(\$ in thousands)	2006 Actual	2007 Estimate	2008 Request
Andean Counterdrug Initiative	464,781	*	366,968
Economic Support Fund	0	*	139,500
Foreign Military Financing	89,100	*	78,000
International Military Education & Training	1,673	*	1,500
Nonproliferation, Antiterrorism & Demining	5,476	*	3,742
Public Law 480 (Food Aid)	2,973**	*	0
<b>Total</b>	<b>564,003</b>	<b>*</b>	<b>589,710</b>

\*\*FY 2006 includes \$2.973 million of P.L. 480 Title II emergency food aid. Emergency food aid has not been allocated to countries in FY 2008.

Colombia received \$16.3 million in INCLE funds in FY2006 supplemental funding

**Peace and Security (\$526.3 million):** The United States contributes about nine percent of Colombia's military and police budgets and additional funds to assist those affected by violence and lawlessness. U.S. assistance supports the restructuring of defense, military and border security; law enforcement reform and operations; demobilization and reintegration of ex-militants, including child-ex-combatants; countering illicit trafficking in conventional weapons; and anti-kidnapping activities. The United States also provides operational and maintenance support for counter-drug and counter-terrorism aviation assets, and will support helicopters and facilities dedicated to protecting the Cano Limon pipeline, a critical component of Colombia's energy infrastructure. U.S. assistance will allow police forces to further expand their much needed presence in areas of conflict. The "Carabinero" or rural police program has enabled the GOC to establish a police presence in every Colombian municipality (equivalent to a U.S. county), including those formerly controlled by terrorist groups. The program is now strengthening police presence focusing on areas previously held by the demobilized paramilitaries.

Counter-narcotics funds are devoted to drug eradication and interdiction, and to anti-money laundering. Colombia is assuming steadily larger responsibilities, but funding must be maintained to consolidate the progress that has been made since 2000, including eradicating coca cultivation which could potentially have produced up to 275 metric tons of cocaine or seizing more than 125 metric tons of cocaine destined for the U.S. in each of the last two years.

A key element of U.S. support to counter-narcotics efforts is alternative development that promotes sustainable and equitable economic growth alternatives in regions vulnerable to drug production and conflict, with the intent of permanently ending involvement in illicit activities. In addition, the United States will provide assistance to the GOC's reintegration program for demobilized adult and child ex-combatants. As experience in numerous other countries has demonstrated, the successful socio-economic reintegration of ex-combatants is a particularly critical factor in determining the ultimate success of the peace process.

**Governing Justly and Democratically (\$24.3 million):** U.S. assistance will focus on rule of law and human rights by helping to promote access to justice, improve the justice system, protect human rights, and strengthen the laws and legal institutions. Colombia is converting from its



cumbersome written judicial system to a more efficient oral accusatorial system similar to that of the United States. Sixty-two percent of the population now lives in jurisdictions under the new oral accusatory judicial system, soon to spread to the rest of the country. Promotion and protection of human rights is critical to Colombia's conflict resolution and reconciliation efforts. Funds will also be used to strengthen the provision of government services in regions and communities previously controlled by illegal armed groups and support political parties.

**Investing in People (\$35.0 million):** U.S. assistance will be used to improve the livelihood of Colombia's large internally displaced persons (IDP) population. Funds will be used to provide critical medium to long-term assistance to vulnerable groups and IDPs and will focus on the successful re-integration of IDPs into mainstream Colombian society. Other programs will improve the ability of the GOC to provide services in newly-secured areas.

**Economic Growth (\$4.2 million):** U.S. assistance will focus on trade and investment, with special emphasis on small and medium enterprises and on the country's poorest regions. On February 27, 2006, the United States and Colombia concluded negotiations for a Free Trade Agreement. If ratified, it will help Colombia sustain and deepen economic progress made over the last several years. Expanding economic opportunities to populations at risk are a continued priority, particularly for indigenous populations, Afro-Colombians, and IDPs.

#### Request by Element

(\$ in Thousands)	2006 Actual	2007 Estimate	2008 Request
<b>TOTAL</b>	564,003	*	589,710
Peace & Security	492,590	*	526,254
Counter-Terrorism	5,704	*	3,315
Deny Terrorist Sponsorship, Support and Sanctuary	5,476	*	0
Governments' Capabilities	228	*	3,315
Stabilization Operations and Security Sector Reform	129,317	*	112,443
Operations Support	89	*	0
Disarmament, Demobilization & Reintegration (DDR)	18,910	*	11,442
Destruction and Security of Conventional Weapons	0	*	427
Defense, Military, and Border Restructuring, Reform and Operations	90,773	*	79,500
Law Enforcement Restructuring, Reform and Operations	19,545	*	20,000
Program Support (Stabilization)	0	*	1,074
Counter-Narcotics	357,569	*	409,617
Eradication	257,048	*	189,651
Alternative Development and Alternative Livelihoods	59,248	*	67,566
Interdiction	28,868	*	142,023
Drug Demand Reduction	822	*	214
Program Support (Narcotics)	11,583	*	10,163
Transnational Crime	0	*	879
Financial Crimes and Money Laundering	0	*	861
Program Support (Crime)	0	*	18
Governing Justly & Democratically	24,250	*	24,256
Rule of Law and Human Rights	19,690	*	20,606
Constitutions, Laws, and Legal Systems	0	*	250
Justice System	10,950	*	11,111
Human Rights	8,740	*	8,000
Program Support (Rule of Law)	0	*	1,245
Good Governance	3,230	*	2,900

(\$ in Thousands)	2006 Actual	2007 Estimate	2008 Request
Local Government and Decentralization	3,230	*	2,479
Program Support (Governance)	0	*	421
Political Competition and Consensus-Building	1,330	*	750
Political Parties	1,330	*	687
Program Support (Political Competition)	0	*	63
Investing in People	30,690	*	35,000
Social and Economic Services and Protection for Vulnerable Populations	30,690	*	35,000
Social Assistance	30,690	*	35,000
Economic Growth	8,500	*	4,200
Trade and Investment	8,500	*	4,200
Trade and Investment Capacity	8,500	*	4,000
Program Support (Trade)	0	*	200
Humanitarian Assistance	7,973	*	0
Protection, Assistance and Solutions	7,973	*	0
Crisis Assistance and Recovery	7,973	*	0

#### **Statement of Changes**

Funding for Colombia has increased from FY 2006 levels by \$9.4 million. FY 2008 levels reflect the beginning of a consolidation stage and greater funding of activities by the GOC, particularly in the area of drug eradication and interdiction. Alternative development programs previously financed with Andean Counterdrug Initiative (ACI) funds were shifted to the Economic Support Fund (ESF) account.

**COSTA RICA**  
Sustaining Partnership

**Obstacles and Opportunities for Advancing Transformational Diplomacy**

With territorial waters covering more than ten times its landmass, Costa Rica's Coast Guard faces significant operational constraints in enforcing its territorial sovereignty against narcotraffickers and traffickers in persons. Additionally, as the Costa Rican military was constitutionally disbanded in 1948, increased effort is required to foster civilian security ties with military assets in the region. U.S. priorities and assistance in Costa Rica is focused on peace and security activities in order to strengthen the Costa Rican Coast Guard's ability to combat territorial security threats.

**Resources to Help Advance Transformational Diplomacy**

**Request by Objective**

(\$ in thousands)	2006 Actual	2007 Estimate	2008 Request
Peace & Security	0	*	187
<b>Total</b>	<b>0</b>	<b>*</b>	<b>187</b>

**Request by Account**

(\$ in thousands)	2006 Actual	2007 Estimate	2008 Request
International Military Education & Training	0	*	187
<b>Total</b>	<b>0</b>	<b>*</b>	<b>187</b>
Peace Corps	1731	*	1876

Peace and Security (\$0.2 million): Assistance to the Costa Rican security forces will provide military training and assistance to further professionalize its coast guard and law enforcement services through courses focused on counter-narcotics operations, rule of law, and technical training.

**Request by Element**

(\$ in Thousands)	2006 Actual	2007 Estimate	2008 Request
<b>TOTAL</b>	<b>0</b>	<b>*</b>	<b>187</b>
Peace & Security	0	*	187
Stabilization Operations and Security Sector Reform	0	*	187
Defense, Military, and Border Restructuring, Reform and Operations	0	*	187

**Statement of Changes**

The President's waiver of American Servicemembers' Protection Act (ASPA) sanctions in FY 2006 allows the U.S. to fund security assistance programs in FY 2008.

## CUBA

### Obstacles and Opportunities for Advancing Transformational Diplomacy

The Castro regime is the only non-democratically-elected government in the Western Hemisphere. Currently, the regime is seeking to insulate itself from the consequences of Fidel Castro's death, incapacitation or ouster, and to ensure a succession of the Castro dictatorship. The regime is further hardening its edges and working to forestall opportunities for democratic change by putting hardliners in key positions and rolling back minimal economic openings. The Castro regime exerts absolute control over all media, and the lack of access to independent information enables the government to maintain a climate of fear. Through empowering civil society, the United States aims to expedite a rapid and successful transition to democracy in Cuba. While significant challenges remain, the opposition has made great strides at the grassroots level.

The second report of the Commission for Assistance to a Free Cuba (CAFC II), issued in July 2006, noted "the last several years have witnessed a sustained increase in the ability of the Cuban opposition to engage in acts of resistance, mobilize greater segments of the Cuban population, and communicate a positive vision for the future to the Cuban people and the international community." Further, the Commission reported that "it is critical that independent Cuban civil society groups continue to gain greater access to basic modern equipment to help expand distribution of independent information and facilitate pro-democracy activities. Continued access to these types of equipment help Cuba's civil society disseminate information to the Cuban people and counter regime efforts to maintain its grip on the Cuban people through exclusive control over all forms of communication."

To empower the Cuban people and the Cuban democratic opposition to take advantage of these new opportunities, the Commission recommended the Cuba Fund for a Democratic Future: \$80 million over two years to increase support for Cuban civil society, expand international awareness, break the regime's information blockade, and continue developing assistance initiatives to help Cuban civil society realize a democratic transition.

### Resources to Help Advance Transformational Diplomacy

#### Request by Objective

(\$ in thousands)	2006 Actual	2007 Estimate	2008 Request
Governing Justly & Democratically	10,894	*	45,700
<b>Total</b>	<b>10,894</b>	<b>*</b>	<b>45,700</b>

#### Request by Account

(\$ in thousands)	2006 Actual	2007 Estimate	2008 Request
Development Assistance	1,984	*	0
Economic Support Fund	8,910	*	45,700
<b>Total</b>	<b>10,894</b>	<b>*</b>	<b>45,700</b>

**Governing Justly and Democratically (\$45.7 million):** Working with like minded democratic partners, such as the EU, the United States will continue to support voices of civil society opposition and provide them with the tools necessary to speak out publicly. It is civil society that

will present a viable alternative to the failed policies of the Castro regime, and they will need resources, ranging from food and medicine to computers, informational material and radios, to do so. Breaking the regime's information blockade will require new and improved technologies to expand broadcasts to reliable information. The Cuban people need uncensored access to the Internet and other technologies to help them connect not only with the outside world, but with each other.

Funding for Cuba has been increased compared to FY 2007 levels in order to continue to meet our commitment to the recommendations of the second report of the Commission for Assistance to a Free Cuba (CAFC II) which recommended \$80 million over two years to provide support to increase support for Cuban civil society, expand international awareness, break the regime's information blockade, and continue developing assistance initiatives to help Cuban civil society realize a democratic transition.

### Request by Element

(\$ in Thousands)	2006 Actual	2007 Estimate	2008 Request
<b>TOTAL</b>	10,894	*	45,700
Governing Justly & Democratically	10,894	*	45,700
Rule of Law and Human Rights	2,550	*	5,000
Constitutions, Laws, and Legal Systems	500	*	0
Human Rights	2,050	*	5,000
Political Competition and Consensus-Building	1,000	*	7,000
Consensus-Building Processes	0	*	2,000
Elections and Political Processes	1,000	*	2,000
Political Parties	0	*	3,000
Civil Society	7,344	*	33,700
Civic Participation	3,894	*	18,000
Media Freedom and Freedom of Information	3,450	*	13,700
Program Support (Civil Society)	0	*	2,000

### Statement of Changes

Overall funding for Cuba has increased from FY 2006 levels consistent with the CAFC II report recommendations.

## DOMINICAN REPUBLIC

Developing

### Obstacles and Opportunities for Advancing Transformational Diplomacy

Four trends threaten to undermine democracy in the Dominican Republic: (1) weak governance as characterized by widespread corruption, inadequate rule of law, frail institutions, and poor service delivery; (2) the need to adjust to the rapidly changing global economy; (3) rising levels of crime, often linked to narcotics-trafficking; and (4) the large and growing gap between the rich and the poor. These closely linked factors combine to reduce social cohesion, challenging policy makers to implement effective sustainable development initiatives. Getting governance right in these difficult circumstances is the major cross-cutting challenge for transformational development in the Dominican Republic.

In addressing these four trends, U.S. assistance programs will target areas where the United States has already proved to be effective as a donor and advocate for reform, complementing Dominican programs and the work of other donors. Assisted by new opportunities under the CAFTA-DR agreement, U.S. bilateral assistance will focus on assisting the Dominican Republic to overcome the key stumbling block for advancement to transforming country status and access to MCA funds: corruption. Corruption undermines the rule of law, inhibits a competitive business environment and an enabling regulatory framework, and contributes to inadequate and ineffective investment in health and education. U.S. foreign assistance will also help the Dominican Republic improve overall governance, implement CAFTA-DR, and help small businesses and rural communities take advantage of CAFTA-DR opportunities for trade and income generation.

### Resources to Help Advance Transformational Diplomacy

#### Request by Objective

(\$ in thousands)	2006 Actual	2007 Estimate	2008 Request
Peace & Security	3,554	*	2,830
Governing Justly & Democratically	2,709	*	5,750
Investing in People	14,257	*	11,700
Economic Growth	4,430	*	10,950
<b>Total</b>	<b>24,950</b>	<b>*</b>	<b>31,230</b>

#### Request by Account

(\$ in thousands)	2006 Actual	2007 Estimate	2008 Request
Child Survival and Health	12,721	*	7,500
Development Assistance	7,835	*	11,100
Economic Support Fund	840	*	10,000
Foreign Military Financing	941	*	0
International Military Education & Training	1,328	*	980
International Narcotics Control and Law Enforcement	0	*	1,150
Nonproliferation, Antiterrorism & Demining	1,285	*	500
<b>Total</b>	<b>24,950</b>	<b>*</b>	<b>31,230</b>
Peace Corps	3279	*	3416

**Promoting Peace and Security (\$2.8 million):** U.S. assistance in this area ensures that law enforcement and judicial systems address crime/terrorism, drug trafficking, and money-laundering. Despite improvements, Dominican borders remain vulnerable to smuggling and the transit of criminals and terrorists. The United States will help Dominican border authorities define proper roles for the military, interdict illegal migrants, fight illicit drug operations, coordinate the military's natural disaster response efforts, and enhance counter-terrorism capabilities.

**Governing Justly and Democratically (\$ 5.8 million):** The Dominican Republic continues to need legal and administrative reform to fight corruption. The United States will increase support to the public prosecutor's office and the judiciary to prosecute crime effectively and reduce corruption; help make justice services more accessible, timely, and responsive; increase access to public information; and promote more transparent and accountable political financing and a more democratic political party system. Assistance will also strengthen civil society organizations that conduct oversight, expand citizen participation, and promote active media reporting of these issues.

**Economic Growth (\$ 11.0 million):** U.S. assistance will complement Dominican and other donor programs to streamline the regulatory framework and support the entry into force of CAFTA-DR and a more secure, predictable business environment essential to generate broad-based, sustainable economic growth. Programs will also help address current policy disincentives that inhibit private sector investment, innovation, and development; target improvements in competitiveness of small businesses, particularly those negatively affected by CAFTA-DR. In order to promote Dominican rural economic diversification programs will assist potential exporters in identifying new market opportunities and marketing strategies and expand the on-going pilot program in rural electrification. Activities that support Dominican environmental laws and regulations and Dominican efforts to implement clean energy policies and programs will also be funded.

**Investing in People (\$ 11.7 million):** U.S. assistance in this area will work to mitigate the devastating effects of poverty and help build a more equitable society by improving access to quality health care and primary education, encouraging greater grass roots support for investing in these areas. U.S. assistance will continue supporting Dominican health sector reform and implementation of the health component under the new social security system; maternal and child health programs; and tuberculosis detection and cure. The United States will promote quality primary education through improved education policy reform and implementation, with support from local communities and the Dominican private sector.

Linkages with the President's Emergency Plan for AIDS Relief (PEPFAR): The Dominican Republic will receive significant support for bilateral HIV/AIDS programs in FY 2008, with programmatic emphasis on a range of interventions related to care, treatment, and prevention.

#### Request by Element

(\$ in Thousands)	2006 Actual	2007 Estimate	2008 Request
<b>TOTAL</b>	24,950	*	31,230
Peace & Security	3,554	*	2,830
Counter-Terrorism	1,285	*	500
Governments' Capabilities	1,285	*	500
Stabilization Operations and Security Sector Reform	2,269	*	980

(\$ in Thousands)	2006 Actual	2007 Estimate	2008 Request
Defense, Military, and Border Restructuring, Reform and Operations	2,269	*	980
Counter-Narcotics	0	*	1,150
Interdiction	0	*	850
Program Support (Narcotics)	0	*	300
Transnational Crime	0	*	200
Trafficking-in-Persons and Migrant Smuggling	0	*	200
Governing Justly & Democratically	2,709	*	5,750
Rule of Law and Human Rights	1,179	*	1,500
Justice System	1,111	*	1,330
Program Support (Rule of Law)	68	*	170
Good Governance	958	*	2,750
Anti-Corruption Reforms	890	*	2,425
Program Support (Governance)	68	*	325
Political Competition and Consensus-Building	572	*	1,500
Elections and Political Processes	410	*	660
Political Parties	60	*	665
Program Support (Political Competition)	102	*	175
Investing in People	14,257	*	11,700
Health	12,721	*	7,700
HIV/AIDS	6,138	*	5,000
Tuberculosis	1,613	*	700
Maternal and Child Health	3,237	*	1,172
Family Planning and Reproductive Health	1,733	*	628
Water Supply and Sanitation	0	*	200
Education	1,536	*	2,000
Basic Education	1,536	*	2,000
Social and Economic Services and Protection for Vulnerable Populations	0	*	2,000
Policies, Regulations, and Systems	0	*	2,000
Economic Growth	4,430	*	10,950
Trade and Investment	756	*	1,000
Trade and Investment Enabling Environment	666	*	953
Program Support (Trade)	90	*	47
Financial Sector	495	*	0
Financial Sector Enabling Environment	495	*	0
Infrastructure	0	*	1,750
Modern Energy Services	0	*	1,650
Program Support (Infrastructure)	0	*	100
Agriculture	0	*	2,500
Agricultural Sector Productivity	0	*	2,400
Program Support (Agriculture)	0	*	100
Private Sector Competitiveness	1,512	*	4,500
Business Enabling Environment	814	*	1,362
Private Sector Productivity	407	*	2,845
Program Support (Private Sector)	291	*	293
Environment	1,667	*	1,200
Natural Resources and Biodiversity	760	*	480
Clean Productive Environment	759	*	670
Program Support (Environment)	148	*	50



### **Statement of Changes**

Funding for the Dominican Republic has increased from FY 2006 levels. Among program elements, there has been an increase in Economic Growth and Governing Justly and Democratically programs in order to help the Dominican Republic attain a Millennium Challenge Compact. Limited FMF resources have been focused on relatively more unstable and strategic areas of the world. The increase in INCLE funding from FY 2006 to FY 2008 represents a programming of planned INCLE funds from a regional account into this bilateral program.

**EASTERN CARIBBEAN**  
Sustaining Partnership

**Obstacles and Opportunities for Advancing Transformational Diplomacy**

The Eastern Caribbean is dependent on traditional agriculture and tourism, both of which are susceptible to the ravages of natural disasters which are an annual occurrence in the region. The islands also have poor border controls and coast guards that rely almost entirely on the United States for funding. Opportunities for advancing the Transformational Diplomacy goal include strengthening democracy and governance in the region, and combating transnational crime and terrorism.

**Resources to Help Advance Transformational Diplomacy**

**Request by Objective**

(\$ in thousands)	2006 Actual	2007 Estimate	2008 Request
Peace & Security	2,004	*	1,630
<b>Total</b>	<b>2,004</b>	<b>*</b>	<b>1,630</b>

**Request by Account**

(\$ in thousands)	2006 Actual	2007 Estimate	2008 Request
Foreign Military Financing	905	*	0
International Military Education & Training	695	*	630
International Narcotics Control and Law Enforcement	0	*	500
Nonproliferation, Antiterrorism & Demining	404	*	500
<b>Total</b>	<b>2,004</b>	<b>*</b>	<b>1,630</b>
Peace Corps	3132	*	3174

**Peace and Security (\$1.6 million):** The U.S. can best assist the Eastern Caribbean in establishing peace and security by focusing on counter-narcotics and counter-terrorism. In the area of interdiction, U.S. assistance enhances the capacity of Eastern Caribbean law enforcement to counter drug trafficking and related crimes such as money laundering, arms trafficking and corruption. U.S. funds would target the provision of specialized training and technical assistance in such areas as border control, criminal and money laundering investigations, and counter-terrorism. The United States will also support the professionalization and maritime security operations, including drug interdiction, of the Eastern Caribbean defense and police forces.

**Request by Element**

(\$ in Thousands)	2006 Actual	2007 Estimate	2008 Request
<b>TOTAL</b>	2,004	*	1,630
Peace & Security	2,004	*	1,630
Counter-Terrorism	404	*	500
Governments' Capabilities	404	*	500
Stabilization Operations and Security Sector Reform	1,600	*	630
Defense, Military, and Border Restructuring, Reform and Operations	1,600	*	630
Counter-Narcotics	0	*	500

(\$ in Thousands)	2006 Actual	2007 Estimate	2008 Request
Interdiction	0	*	400
Program Support (Narcotics)	0	*	100

#### **Statement of Changes**

Funding for the Eastern Caribbean has remained consistent with FY 2006 levels. International Narcotics Control and Law Enforcement (INCLE), International Military Education and Training (IMET), and Foreign Military Financing (FMF) funding in FY 2006 were reflected neither in bilateral country programs nor in this regional program, but rather in other various regional programs. This consolidation of various programs has allowed the U.S. to prioritize and consolidate foreign assistance programs. The reduction of Foreign Military Financing (FMF) to the Eastern Caribbean reflects competing priorities worldwide.

**ECUADOR**  
Developing

**Obstacles and Opportunities for Advancing Transformational Diplomacy**

Ecuador's chronic instability and its role as a major source of illegal immigration and drugs transiting to the United States require that we focus, in order of priority, on promoting democracy and good governance, peace and security (counter-narcotics and alternative development programs), economic growth, poverty reduction and environmental protection. None of the last three elected presidents has finished their terms in office. On January 15, 2007, Rafael Correa became the eighth President to take office over the past decade. Stable, transparent and participatory governance, strong institutions, and the rule of law are essential to reversing Ecuador's institutional weaknesses. Border areas in particular lack the political stability, security and alternative development necessary for their vulnerable populations to resist the corruptive power of drug smugglers. Erosion of natural resources, including the Amazon Basin and Galapagos, remain a concern. While Ecuador has relatively abundant resources, 37% of the population lives on less than \$2 a day. Seeking a better life, an estimated 10% of the total population has migrated to the United States and Europe in the past 10 years.

**Resources to Help Advance Transformational Diplomacy**

**Request by Objective**

(\$ in thousands)	2006 Actual	2007 Estimate	2008 Request
Peace & Security	19,800	*	13,562
Governing Justly & Democratically	2,770	*	3,072
Investing in People	295	*	0
Economic Growth	6,778	*	3,938
<b>Total</b>	<b>29,643</b>	*	<b>20,572</b>

**Request by Account**

(\$ in thousands)	2006 Actual	2007 Estimate	2008 Request
Andean Counterdrug Initiative	19,800	*	7,000
Development Assistance	6,578	*	7,010
Economic Support Fund	3,265	*	6,000
International Military Education & Training	0	*	187
International Narcotics Control and Law Enforcement	0	*	200
Nonproliferation, Antiterrorism & Demining	0	*	175
<b>Total</b>	<b>29,643</b>	*	<b>20,572</b>
Peace Corps	3069	*	2863

**Peace and Security (\$13.6 million):** Ecuador is a cooperative partner in the fight against narco-trafficking, regional terrorism and trafficking in persons. Continued engagement with and support for Ecuadoran central and local governments, police, and military forces are key to advancing stability and security. Ecuador is an increasingly important transit route for Colombian cocaine, but has so far avoided the violence and coca cultivation that beset its neighbors. U.S. assistance will help create profitable jobs for populations vulnerable to the narco-economy, as well as strengthen Government of Ecuador (GOE) presence and increase security at the local level by improving the ability of municipal governments to address citizen

needs. Funds will also be used to construct and rehabilitate water and sanitation systems in border communities and to support other social infrastructure projects.

U.S. assistance will help repulse incursions by Colombian insurgents on the northern border, and support police and judicial training. Funds will be used to combat alien smuggling and trafficking in persons. Ecuador is a dollarized economy, making it an attractive site for money-laundering. \$180,000 is being requested to help train Ecuadorian authorities to detect money laundering and other illegal financial transactions. International Military Education and Training (IMET) will support the professionalization of the military through both professional military education courses and technical training. Funds will also be used to enhance civilian control of the military, respect for human rights, military justice reform, and management of defense resources.

**Governing Justly and Democratically (\$3.1 million):** Strengthening democratic institutions remains the U.S. Government's top priority. By focusing programs on local governments and civil society, the U.S. will promote confidence in democracy at the grass roots level. Funds will be used to promote local government reforms, including decentralization of authority and resources from the central government. Civil society organizations have also demonstrated their capacity to promote transparency, accountability and political reform. Support will continue to be provided to civil society organizations to encourage the stabilization of reforms at the national level. Funds will also be used to improve the ability of the Congress to promote constructive political and economic reforms.

**Economic Growth (\$3.9 million):** The United States is Ecuador's top trading partner. Trade preferences under the Andean Trade Preferences Act were extended six months in December 2006, with an additional six months conditioned upon completion of a Free Trade Agreement (FTA). Given the likelihood President Correa will keep his campaign promise of not pursuing an FTA, the roughly 40% of Ecuador's non-oil export economy will be less competitive with respect to the U.S. market once these benefits expire. The contract nullification and seizure of Occidental Petroleum assets in 2006 further damaged the investment climate. Internally, monopolistic elites continue to dominate significant portions of the economy and are reluctant to support fundamental reforms. U.S. assistance will help reform-oriented sectors of the business community develop and implement a national competitiveness agenda to promote trade, transparency and foreign investment, and advocate for a more open trade regime. Funds will be used to improve private sector competitiveness by addressing constraints within the business environment. The focus will be on building private sector organizations that will take the lead in making the case for continuing economic reform leading to further integration into the global economy.

#### Request by Element

(\$ in Thousands)	2006 Actual	2007 Estimate	2008 Request
<b>TOTAL</b>	29,643	*	20,572
Peace & Security	19,800	*	13,562
Counter-Terrorism	0	*	175
Governments' Capabilities	0	*	175
Stabilization Operations and Security Sector Reform	0	*	187
Defense, Military, and Border Restructuring, Reform and Operations	0	*	187
Counter-Narcotics	19,600	*	13,000
Alternative Development and Alternative Livelihoods	10,611	*	5,221

(\$ in Thousands)	2006 Actual	2007 Estimate	2008 Request
Interdiction	7,335	*	6,220
Drug Demand Reduction	60	*	0
Program Support (Narcotics)	1,594	*	1,559
Transnational Crime	200	*	200
Financial Crimes and Money Laundering	180	*	0
Trafficking-in-Persons and Migrant Smuggling	0	*	180
Program Support (Crime)	20	*	20
Governing Justly & Democratically	2,770	*	3,072
Rule of Law and Human Rights	551	*	0
Justice System	483	*	0
Program Support (Rule of Law)	68	*	0
Good Governance	697	*	2,202
Legislative Function and Processes	0	*	150
Local Government and Decentralization	457	*	1,916
Program Support (Governance)	240	*	136
Political Competition and Consensus-Building	250	*	0
Elections and Political Processes	250	*	0
Civil Society	1,272	*	870
Civic Participation	1,128	*	750
Program Support (Civil Society)	144	*	120
Investing in People	295	*	0
Health	295	*	0
Water Supply and Sanitation	295	*	0
Economic Growth	6,778	*	3,938
Trade and Investment	558	*	2,000
Trade and Investment Enabling Environment	395	*	0
Trade and Investment Capacity	0	*	1,800
Program Support (Trade)	163	*	200
Private Sector Competitiveness	1,122	*	1,938
Business Enabling Environment	0	*	1,800
Private Sector Productivity	905	*	0
Program Support (Private Sector)	217	*	138
Environment	5,098	*	0
Natural Resources and Biodiversity	4,505	*	0
Program Support (Environment)	593	*	0

### Statement of Changes

Funding for Ecuador has decreased by \$9 million from FY 2006 levels. Alternative development programs previously financed with Andean Counterdrug Initiative (ACI) funds were shifted to the ESF account. Nonetheless, a more focused and policy driven approach will continue in these areas with DA funds. IMET funding increased from no funding to nearly \$200,000 due to the de-linking of IMET from ASPA (American Service Members Protection Act) sanctions.

**EL SALVADOR**  
Transforming

**Obstacles and Opportunities for Advancing Transformational Diplomacy**

El Salvador is one of the United State's closest partners in the Western Hemisphere, supporting the global war on terrorism and serving as a model of post-conflict transition. The country has evolved rapidly from a recipient of international peacekeeping forces following the 1992 peace accords to a contributor in Iraq and elsewhere. The country is, moreover, an important partner and seat for U.S. regional counter-narcotics and law enforcement efforts, in addition to host for the Secretariat for Central American Integration (SICA).

Broad-based economic development and complementary investments in people are the highest priorities in El Salvador in order to stem an unprecedented surge in criminal violence and gang activity that deters foreign investment and fuels illegal migration. Our investments in Economic Growth will maximize the benefit of the recently implemented CAFTA trade agreement, assist El Salvador in maintaining its eligibility for MCC fund distributions, and strengthen the economy so that it can provide viable alternatives to potential gang recruits or economic migrants. In addition, our focused technical support in Peace and Security will help the Government of El Salvador's (GOES) military to prepare for deploying globally in support of multinational peacekeeping operations and coalition missions, such as its deployment in Iraq. Finally, contributions to Governing Justly and Democratically programs will help guide and reinforce the GOES as it modernizes and incorporates accountability into its legal system and government. The Investing in People and Economic Growth indicators are the two factors preventing El Salvador from graduating to the Sustaining Country category. Thus, the U.S. assistance package is designed to help El Salvador surmount that challenge.

**Resources to Help Advance Transformational Diplomacy**

**Request by Objective**

(\$ in thousands)	2006 Actual	2007 Estimate	2008 Request
Peace & Security	12,105	*	7,385
Governing Justly & Democratically	3,652	*	3,318
Investing in People	12,401	*	9,000
Economic Growth	17,112	*	5,157
<b>Total</b>	<b>45,270</b>	<b>*</b>	<b>24,860</b>

**Request by Account**

(\$ in thousands)	2006 Actual	2007 Estimate	2008 Request
Child Survival and Health	8,144	*	6,000
Development Assistance	24,165	*	11,475
Foreign Military Financing	9,900	*	4,800
International Military Education & Training	1,782	*	1,680
International Narcotics Control and Law Enforcement	0	*	800
Nonproliferation, Antiterrorism & Demining	423	*	105
Public Law 480 (Food Aid)	856**	*	0
<b>Total</b>	<b>45,270</b>	<b>*</b>	<b>24,860</b>
Peace Corps	2508	*	2646

\*\*FY 2006 includes \$.856 million of P.L. 480 Title II emergency food aid. Emergency food aid has not been allocated to countries in FY 2008.

**Peace and Security (\$7.4 million):** Funds in this area are targeted to aid El Salvador in confronting violent gangs as well as to support programs that are crucial to professionalizing the Salvadoran Armed Forces. El Salvador is the sole country in Latin America that contributes troops to the multinational force in Iraq. The bulk of these funds are channeled to provide training and maintain and/or modernize equipment that is crucial in preparing Salvadoran troops to participate in international peacekeeping operations, and to restore and sustain significant U.S. investment in helicopters, maritime vessels, and engineering equipment used for counternarcotics operations and for post-disaster relief and reconstruction. FMF funds help maintain the aircraft, vehicles and equipment that provide El Salvador's only significant disaster response capability. The GOES military's repeatedly-demonstrated ability to handle disaster response has helped erase years of popular mistrust of the armed forces and now relieves the burden that used to fall on the U.S. Government. The majority of this same equipment is critical to providing the El Salvadoran military the ability to interdict illicit trafficking, supporting both the Global War on Terror and U.S. counter-narcotics efforts. Funds also support El Salvador in its role as one of only three countries to host a Cooperative Security Location (CSL), a staging facility for U.S. anti-narcotics surveillance operations, as well as the host country for the U.S.-supported International Law Enforcement Academy (ILEA), one of only four such academies outside the United States. Violent crime, particularly that perpetrated by criminal gangs, has become the biggest concern of Salvadorans as well as a serious transnational problem. Largely as a result of gang activity, El Salvador's homicide rate is now one of the highest in Latin America. Training and liaison programs with Salvadoran law enforcement are designed to provide Salvadoran police with the skills necessary to combat these new threats.

**Governing Justly and Democratically (\$3.3 million):** While El Salvador scores relatively high on Democracy and Governance indicators, it still faces serious weaknesses in key institutions, especially its ineffective, overburdened, and opaque judicial system. The judicial system is widely considered to be the weak link in punishing those responsible for the violent crime that is paralyzing El Salvador. U.S. assistance priorities in this area are strengthening and modernizing the judicial system and promoting anti-corruption reforms.

**Investing in People (\$9.0 million):** U.S. projects in this area focus on enabling El Salvador to achieve the healthy, educated workforce necessary to sustain a growing economy. Education programs will help strengthen rural primary education by developing curricula, training teachers, and measuring student achievement. They will also complement U.S. efforts to improve law enforcement and promote community-level crime prevention activities by providing enhanced work and educational opportunities for youth at risk. In health, the program will support GOES efforts to increase public sector expenditures for health, improve the delivery of quality services to reduce child mortality and illness, improve maternal health and nutrition, improve family planning education and services, and slow the transmission of HIV/AIDS.

Linkages with the President's Emergency Plan for AIDS Relief (PEPFAR): El Salvador will receive significant support for bilateral HIV/AIDS programs in FY 2008, with programmatic emphasis on a range of interventions related to care, treatment, and prevention.

**Economic Growth (\$5.2 million):** El Salvador's 35 percent poverty rate fuels migration to the United States as its citizen's search for economic opportunity. By being the first country to ratify and implement the Central American-Dominican Republic Free Trade Agreement (CAFTA-DR), El Salvador is seeking aggressively to address this problem. Effective implementation of CAFTA-DR requires trade capacity-building efforts that will stimulate job creation and poverty alleviation. Additionally, support for watershed management projects will protect and increase



the supply of clean water, reducing a major impediment to economic growth and community health, but also provide a platform for job creation related to eco-tourism for local markets.

### Request by Element

(\$ in Thousands)	2006 Actual	2007 Estimate	2008 Request
<b>TOTAL</b>	45,270	*	24,860
Peace & Security	12,105	*	7,385
Counter-Terrorism	423	*	105
Deny Terrorist Sponsorship, Support and Sanctuary	423	*	0
Governments' Capabilities	0	*	105
Stabilization Operations and Security Sector Reform	11,682	*	6,480
Defense, Military, and Border Restructuring, Reform and Operations	11,682	*	6,480
Counter-Narcotics	0	*	800
Interdiction	0	*	650
Program Support (Narcotics)	0	*	150
Governing Justly & Democratically	3,652	*	3,318
Rule of Law and Human Rights	600	*	1,918
Justice System	500	*	1,804
Program Support (Rule of Law)	100	*	114
Good Governance	3,052	*	1,400
Local Government and Decentralization	500	*	0
Anti-Corruption Reforms	2,290	*	1,316
Program Support (Governance)	262	*	84
Investing in People	12,401	*	9,000
Health	8,144	*	6,000
HIV/AIDS	1,089	*	2,000
Other Public Health Threats	1,115	*	400
Maternal and Child Health	2,970	*	1,800
Family Planning and Reproductive Health	2,970	*	1,800
Education	4,257	*	3,000
Basic Education	4,257	*	3,000
Economic Growth	17,112	*	5,157
Macroeconomic Foundation for Growth	850	*	0
Fiscal policy	765	*	0
Program Support (Macro Econ)	85	*	0
Trade and Investment	5,282	*	4,182
Trade and Investment Enabling Environment	636	*	0
Trade and Investment Capacity	4,254	*	3,939
Program Support (Trade)	392	*	243
Financial Sector	1,300	*	0
Financial Services	1,170	*	0
Program Support (Financial Sector)	130	*	0
Agriculture	4,448	*	0
Agricultural Enabling Environment	1,964	*	0
Agricultural Sector Productivity	2,084	*	0
Program Support (Agriculture)	400	*	0
Private Sector Competitiveness	460	*	0
Business Enabling Environment	414	*	0
Program Support (Private Sector)	46	*	0
Environment	4,772	*	975

(\$ in Thousands)	2006 Actual	2007 Estimate	2008 Request
Natural Resources and Biodiversity	4,372	*	911
Program Support (Environment)	400	*	64

#### **Linkages with the Millennium Challenge Corporation (MCC)**

On November 29, 2006, El Salvador signed a \$461 million MCC compact that will serve as a basis for a regional development strategy to reduce poverty and stimulate economic growth in the impoverished northern zone of the country. The project will play a key role in the transformation of the northern region by improving access to basic services such as water, sanitation, and electricity; improving community infrastructure to facilitate greater access to health and education facilities as well as job markets; spurring new investment in value-added production chains to increase productivity and competitiveness of local and national businesses; increasing the number of local people with the necessary skills to drive a growing and diversified economy; and providing modern connectivity to local and regional producers with national, regional, and global markets via a northern transnational highway and a proposed network of complementary feeder roads. The Millennium Challenge Account (MCA) will provide nearly half the funds for this roads project, with the balance coming from the Salvadoran Government and other donors. The U.S. foreign assistance package is designed to support El Salvador in maintaining its eligibility for MCC funds during the full five years of compact implementation.

#### **Statement of Changes**

From FY 2006 to FY 2008 funding for El Salvador decreased by \$20.4 million. The decrease is focused on border security and under the economic growth objective, particularly in agriculture, trade and investment, and environment, where MCC compact funds are now supporting key programs. Funding for continued policy related trade and anti-corruption activities remains strong.

**GUATEMALA**  
Developing

**Obstacles and Opportunities for Advancing Transformational Diplomacy**

Guatemala is the largest country in Central America by population and economy. However, it suffers from severe crime, poverty, malnutrition, economic inequality and large gaps in indigenous inclusion. It is also a gateway to the U.S., making it a frequent route for illegal goods and immigrants.

Strong partnership and assistance from the U.S. will help Guatemala transform into a more secure, prosperous, and democratic country, where the rule of law prevails and human rights are respected. This transformation can be assisted by programs in the areas of Peace and Security and Governing Justly and Democratically. In addition, programs in Investing in People and Economic Growth will effectively promote growth and development in rural areas, expanding access to social services in these areas and assuring participation of small farmers in CAFTA-DR. Implementation of these programs will result in reduced migration pressures, increased exports and investment, a more educated and healthier population, more effective border control, and more effective law enforcement against gangs, organized crime, and terrorist threats. Furthermore, opportunities exist for Guatemala to become a stronger partner in hemisphere-wide efforts to expand free trade and promote and defend democracy.

**Resources to Help Advance Transformational Diplomacy**

**Request by Objective**

(\$ in thousands)	2006 Actual	2007 Estimate	2008 Request
Peace & Security	4,053	*	6,020
Governing Justly & Democratically	5,720	*	5,300
Investing in People	24,066	*	26,042
Economic Growth	9,066	*	12,458
Humanitarian Assistance	7,562	*	0
<b>Total</b>	<b>50,467</b>	<b>*</b>	<b>49,820</b>

**Request by Account**

(\$ in thousands)	2006 Actual	2007 Estimate	2008 Request
Child Survival and Health	12,040	*	12,500
Development Assistance	10,504	*	7,500
Economic Support Fund	5,445	*	10,000
International Military Education & Training	488	*	500
International Narcotics Control and Law Enforcement	2,475	*	5,320
Public Law 480 (Food Aid)	19,515**	*	14,000
<b>Total</b>	<b>50,467</b>	<b>*</b>	<b>49,820</b>
Peace Corps	3692	*	3602

\*\*FY 2006 includes \$7.559 million of P.L. 480 Title II emergency food aid. Emergency food aid has not been allocated to countries in FY 2008.

**Peace and Security (\$6.0 million):** A solid security framework lays the foundation for achieving development objectives; thus, boosting the Guatemalan Government's (GOG). Boosting Guatemala's law enforcement capacity by improving the legal framework and

strengthening the police force is critical. Major trafficking and alien smuggling routes converge in Guatemala and strain the GOG's already weak law enforcement and judicial institutions. To address this challenge jointly, the key elements of our Peace and Security program will focus on defeating organized crime, narco-trafficking, alien smuggling, money laundering, and transnational gangs. U.S. assistance programs will also provide training to modernize Guatemala's armed forces and enhance the capability of its Air Force and Navy to interdict drugs and undocumented migrants in transit to the U.S. Our assistance programs will build public confidence in law enforcement, mitigate crime, and address violence and security issues.

**Governing Justly and Democratically (\$5.3 million):** Investments in the justice system will strengthen the rule of law in Guatemala, thus reducing impunity and help move the country towards eligibility for Millennium Challenge Account funding. Programs to strengthen the rule of law will improve prosecutors' case management, particularly homicide cases; enhance coordination with police thereby strengthening investigation and analysis of cases; and address inefficiencies and corruption in the justice system. Given severe resource constraints, the GOG has weak presence and capacity in much of the country. U.S. assistance programs work with the new Guatemalan administration to boost opportunities for citizen involvement in community building and oversight, support efforts to decentralize government responsibilities, strengthen the public sector, and promote anti-corruption reforms. Finally, with security a continuing major concern, U.S. programs will help enhance governance of the security sector by improving relations between local communities and police, promoting crime prevention activities, and offering innovative alternatives for youth-at-risk.

**Investing in People (\$26.0 million):** Guatemala has one of the highest income inequalities in the world, with up to three quarters of its rapidly-expanding population classified as poor. It has the region's highest fertility rate and primary health care and nutrition are inadequate. The population is poorly educated, with only 30% completing primary school and 36% illiterate. While the government is spending an increasing portion of its limited budget on health and education, social investment in Guatemala is the lowest in Latin America relative to its GDP. U.S. assistance will help national and local government and non-governmental organizations to extend maternal child care, improve nutrition and hygiene, augment reproductive health services, reduce the impact of HIV/AIDS through prevention, develop and sustain education standards and improve access to education, and maintain food security.

At least 60% of those who benefit from increased access to primary education, reduced repetition rates, increased acquisition of skills and knowledge and increased primary school completion rates are rural and farm families. Every child who completes primary school can expect to earn on average \$150/month more than those who receive no primary education. Thus, U.S. supported education activities will also enable rural families and their children to transition and adapt to the opportunities from CAFTA-DR.

Linkages with the President's Emergency Plan for AIDS Relief (PEPFAR): Guatemala will receive significant support for bilateral HIV/AIDS programs in FY 2008, with programmatic emphasis on a range of interventions related to care, treatment, and prevention.

**Economic Growth (\$12.5 million):** The overall goal of U.S. assistance in the Economic Growth area is to promote rural development, including the promotion of an enabling environment for increased trade and competitiveness, thus ensuring that economic growth exceeds population growth. Agricultural sector productivity will be critical as CAFTA-DR is implemented. Support will be provided to enhance specific industry clusters and improve access to markets and market information, financial services, and appropriate technology for small and new businesses.

Agricultural programs will help Guatemalan farmers transition and become more self-sufficient as well as diversify their export crops in order to better adapt to increased competition. Increased investment and trade via CAFTA-DR will raise revenues, helping the government to improve infrastructure and the investment climate, and promote sound economic policies and laws. Agricultural sector productivity will also be pursued through our food security program. U.S. environmental programs will support sustainable forestry activities, preserve biodiversity, and address clean production as it relates to the implementation of CAFTA-DR.

### Request by Element

(\$ in Thousands)	2006 Actual	2007 Estimate	2008 Request
<b>TOTAL</b>	50,467	*	49,820
Peace & Security	4,053	*	6,020
Stabilization Operations and Security Sector Reform	2,138	*	3,350
Defense, Military, and Border Restructuring, Reform and Operations	488	*	500
Law Enforcement Restructuring, Reform and Operations	1,350	*	2,500
Program Support (Stabilization)	300	*	350
Counter-Narcotics	1,835	*	2,470
Eradication	100	*	250
Interdiction	960	*	1,620
Drug Demand Reduction	220	*	200
Program Support (Narcotics)	555	*	400
Transnational Crime	80	*	200
Financial Crimes and Money Laundering	80	*	0
Trafficking-in-Persons and Migrant Smuggling	0	*	200
Governing Justly & Democratically	5,720	*	5,300
Rule of Law and Human Rights	2,046	*	2,796
Justice System	1,626	*	2,386
Human Rights	79	*	0
Program Support (Rule of Law)	341	*	410
Good Governance	2,469	*	2,204
Legislative Function and Processes	0	*	104
Local Government and Decentralization	850	*	828
Anti-Corruption Reforms	1,268	*	900
Program Support (Governance)	351	*	372
Political Competition and Consensus-Building	1,205	*	300
Elections and Political Processes	900	*	300
Program Support (Political Competition)	305	*	0
Investing in People	24,066	*	26,042
Health	18,853	*	23,042
HIV/AIDS	1,287	*	3,500
Maternal and Child Health	8,580	*	16,242
Family Planning and Reproductive Health	6,595	*	3,300
Water Supply and Sanitation	2,391	*	0
Education	4,257	*	3,000
Basic Education	4,257	*	3,000
Social and Economic Services and Protection for Vulnerable Populations	956	*	0
Social Assistance	956	*	0
Economic Growth	9,066	*	12,458
Trade and Investment	990	*	1,500
Trade and Investment Enabling Environment	759	*	714

(\$ in Thousands)	2006 Actual	2007 Estimate	2008 Request
Trade and Investment Capacity	0	*	546
Program Support (Trade)	231	*	240
<b>Agriculture</b>	<b>5,746</b>	<b>*</b>	<b>9,658</b>
Agricultural Enabling Environment	80	*	500
Agricultural Sector Productivity	5,191	*	8,053
Program Support (Agriculture)	475	*	1,105
<b>Private Sector Competitiveness</b>	<b>524</b>	<b>*</b>	<b>0</b>
Private Sector Productivity	400	*	0
Program Support (Private Sector)	124	*	0
<b>Environment</b>	<b>1,806</b>	<b>*</b>	<b>1,300</b>
Natural Resources and Biodiversity	1,225	*	1,130
Clean Productive Environment	270	*	0
Program Support (Environment)	311	*	170
<b>Humanitarian Assistance</b>	<b>7,562</b>	<b>*</b>	<b>0</b>
Protection, Assistance and Solutions	7,562	*	0
Crisis Assistance and Recovery	7,562	*	0

#### **Statement of Changes**

In FY 2006 Guatemala received P.L. 480 Title II Emergency Food Aid in the amount of \$7.559 million. Since Emergency Food Aid has not been allocated to countries in FY 2008, the overall non-emergency budget for Guatemala has increased by \$6.912 million over FY 2006. Funding increased for border security, counter-narcotics, justice system, HIV/AIDS, maternal and child health, trade capacity, and agricultural sector productivity. Some programs previously funded from Development Assistance (DA) are now being funded with Economic Support Funds (ESF). Funding resources shifted significantly from DA to ESF, reflecting support for policy change efforts under CAFTA-DR.

**GUYANA**  
Developing

**Obstacles and Opportunities for Advancing Transformational Diplomacy**

Guyana is one of the poorest countries in the Western Hemisphere. Its economy is stagnant, and generally only criminal enterprises are well funded. Guyana's vast, ungoverned hinterland is available as an operating platform for transnational traffickers in cocaine, weapons, and people. Political stability is threatened by ethnic and social divisions and by the corrosive financial power of narcotics-traffickers. Violent crises usually plague each election season and threaten rule of law, though in August 2006 Guyana achieved its first peaceful elections in decades, due largely to intensive diplomacy and assistance by the international community. Poor governance, including weak executive, legislative, judicial, and law enforcement institutions, and lack of resources threaten political and social stability.

U.S. assistance to Guyana is critical to avoid further deterioration of the political, economic, social, and security systems. Therefore the United States is fostering stronger and more transparent institutions in all three branches of government, improving the quality of life through economic growth and more equitable distribution of its benefits, promoting political and social stability by resolving ethnic conflict, mitigating the impact of HIV/AIDS, and reducing trafficking in illicit drugs.

**Resources to Help Advance Transformational Diplomacy**

**Request by Objective**

(\$ in thousands)	2006 Actual	2007 Estimate	2008 Request
Peace & Security	411	*	550
Governing Justly & Democratically	1,940	*	2,105
Investing in People	18,000	*	21,300
Economic Growth	1,980	*	2,000
<b>Total</b>	<b>22,331</b>	*	<b>25,955</b>

**Request by Account**

(\$ in thousands)	2006 Actual	2007 Estimate	2008 Request
Development Assistance	3,920	*	4,305
Foreign Military Financing	99	*	0
Global HIV/AIDS Initiative	18,000	*	21,300
International Military Education & Training	312	*	250
International Narcotics Control and Law Enforcement	0	*	100
<b>Total</b>	<b>22,331</b>	*	<b>25,955</b>
Peace Corps	1515	*	1376

**Peace and Security (\$550,000):** U.S. assistance will help improve the extremely limited capabilities of Guyana's police and military through training and equipment, including helping an investigative unit get under way and furthering the Guyanese military's ability to deny transnational criminals the use of Guyanese territory. U.S. assistance would also bolster the work of Guyana's nascent Financial Intelligence Unit.

**Governing Justly and Democratically (\$2.105 million):** Independent assessments indicate that Guyana's performance on Governing Justly and Democratically is average for developing countries. Poor governance in Guyana exacerbates social and political conflict. In FY 2008 the U.S. assistance program will continue to focus efforts on helping Guyana develop transparent, accountable, and professional government institutions; increase separation of powers; shift the focus of political parties away from ethnic to political issues, and improve legal and regulatory frameworks. The United States will continue working to strengthen civil society and media capacity for oversight, advocacy, and participation in the political process -- all factors necessary to secure democratic advances. The United States will work with development partners to assist Guyana in reforming its electoral system, a step that is imperative to end the cycle of political violence that threatens to plunge Guyana into chaos. Also, in coordination with development partners, the United States will assist Guyana to hold local government elections, which were last held in 1994 and have been postponed since 1999. The holding of these elections is a critical step to reviving the population's faith in democratic institutions.

**Investing in People (\$21.3 million):** Guyana is a President's Emergency Plan for AIDS Relief (PEPFAR) focus country and thus will receive significant support for bilateral HIV/AIDS programs in FY 2008. These funds will be used, under the leadership of the host country government, to scale up integrated prevention, care and treatment programs throughout the country. PEPFAR support is invested in partnerships to help the nation build its capacity for a sustainable response. Guyana will also receive additional PEPFAR resources for HIV/AIDS outside of the Foreign Operations appropriation.

**Economic Growth (\$2 million):** Guyana lags substantially behind other developing countries on Economic Growth, though not on related indicators (Foreign Direct Investment, Inflation, and Regulatory Quality). U.S. assistance would help expand the now-stagnant economy to create a viable alternative to transnational criminal activity. U.S. efforts will center on improving Guyana's economic competitiveness and fiscal responsibility. To attract capital for economic growth, U.S. assistance will seek to improve the climate for private investment. This involves active support for economic and institutional reform, including a transparent tender process, simplified investment regulations, reduced red tape, an attractive investment regime, development of civil and commercial codes that respect private property and contracts, improved private business-oriented policies and regulations, promotion of public investment in transport, energy and communications infrastructures, and strengthened measures against corruption. The U.S. assistance will also improve public finance by supporting Guyana's tax reform efforts and activities that make effective use of debt relief. To promote entrepreneurial talent, the United States will support small and micro-business development and investment in value-added and non-traditional export sectors.

### Request by Element

(\$ in Thousands)	2006 Actual	2007 Estimate	2008 Request
<b>TOTAL</b>	22,331	*	25,955
Peace & Security	411	*	550
Stabilization Operations and Security Sector Reform	411	*	250
Defense, Military, and Border Restructuring, Reform and Operations	411	*	250
Counter-Narcotics	0	*	100
Interdiction	0	*	100
Transnational Crime	0	*	200



(\$ in Thousands)	2006 Actual	2007 Estimate	2008 Request
Trafficking-in-Persons and Migrant Smuggling	0	*	200
<b>Governing Justly &amp; Democratically</b>	1,940	*	2,105
Rule of Law and Human Rights	310	*	805
Justice System	260	*	805
Program Support (Rule of Law)	50	*	0
Good Governance	0	*	300
Legislative Function and Processes	0	*	100
Local Government and Decentralization	0	*	200
Political Competition and Consensus-Building	760	*	200
Consensus-Building Processes	180	*	0
Elections and Political Processes	400	*	200
Program Support (Political Competition)	180	*	0
Civil Society	870	*	800
Civic Participation	540	*	400
Media Freedom and Freedom of Information	200	*	400
Program Support (Civil Society)	130	*	0
<b>Investing in People</b>	18,000	*	21,300
Health	18,000	*	21,300
HIV/AIDS	18,000	*	21,300
Economic Growth	1,980	*	2,000
Trade and Investment	1,000	*	800
Trade and Investment Enabling Environment	200	*	50
Trade and Investment Capacity	650	*	750
Program Support (Trade)	150	*	0
Agriculture	150	*	0
Agricultural Sector Productivity	150	*	0
Private Sector Competitiveness	830	*	1,200
Business Enabling Environment	150	*	450
Private Sector Productivity	600	*	750
Program Support (Private Sector)	80	*	0

### **Linkages with the Millennium Challenge Corporation (MCC)**

Guyana submitted for Millennium Challenge Corporation review and funding a Threshold Country Plan (TCP) to address needed fiscal reforms that will complement IDB, IMF, and World Bank interventions, currently under implementation. If approved, a successfully implemented TCP will advance Guyana's eligibility for potentially significant levels of development resources through an MCC compact as early as FY 2008.

### **Statement of Changes**

Funding for Guyana has increased from FY 2006 levels. Among program elements, there has been an increase in Governance and Economic Growth programs to complement Guyana's expected MCA threshold program. INCLE funding in FY 2006 was not reflected in the bilateral country program, but rather in a regional program. The reduction of Foreign Military Financing (FMF) to Guyana reflects competing priorities worldwide.

**HAITI**  
Rebuilding

**Obstacles and Opportunities for Advancing Transformational Diplomacy**

Haiti's endemic instability and social conflict are the primary obstacles to the country's development progress and are threats to U.S. national security and regional stability. Haiti is the poorest country in the Western Hemisphere, with GDP per capita of \$400. The drug trade poses a grave threat to the long-term viability of the Haitian state. Newly-elected President René Prével faces daunting challenges such as weak governing institutions and a dysfunctional justice system, but enjoys a democratic mandate as well as international support. Political and criminal violence curbs investment and limits functional governance in the capital and other key population centers. Previous humanitarian and security crises in Haiti have spawned mass migrations to the U.S. The challenge is to keep partners in the international community engaged in Haiti and promote the success of the democratically-elected government.

U.S. assistance seeks to transform Haiti into a stable, prosperous, and democratic nation, which contributes to Caribbean stability and development. The U.S. and the international community have devoted extraordinary efforts to help democracy succeed in Haiti. The U.S. will continue supporting a UN peace-enforcing mission to ensure security, restore democratic institutions, and foster long-term stability in Haiti. U.S. policy objectives, in line with the new GOH and coordinated with the UN mission and international donors, are closely interrelated: promoting peace and security, strengthening democracy, governance and the rule of law; fostering broad-based economic recovery; and addressing critical humanitarian and social needs.

**Resources to Help Advance Transformational Diplomacy**

**Request by Objective**

(\$ in thousands)	2006 Actual	2007 Estimate	2008 Request
Peace & Security	46,270	*	44,174
Governing Justly & Democratically	24,747	*	23,173
Investing in People	103,759	*	122,941
Economic Growth	30,270	*	32,112
Humanitarian Assistance	480	*	500
<b>Total</b>	<b>205,526</b>	<b>*</b>	<b>222,900</b>

**Request by Account**

(\$ in thousands)	2006 Actual	2007 Estimate	2008 Request
Child Survival and Health	19,801	*	18,000
Development Assistance	29,700	*	14,806
Economic Support Fund	49,500	*	63,394
Foreign Military Financing	988	*	0
Global HIV/AIDS Initiative	47,300	*	83,000
International Military Education & Training	213	*	200
International Narcotics Control and Law Enforcement	17,500	*	9,000
Public Law 480 (Food Aid)	35,955**	*	34,500
Transition Initiatives	4,569	*	0
<b>Total</b>	<b>205,526</b>	<b>*</b>	<b>222,900</b>
Peace Corps	212	*	0

\*\*FY 2006 includes \$2.355 million of P.L. 480 Title II emergency food aid. Emergency food aid has not been allocated to countries in FY 2008.

**Peace and Security (\$44.5 million):** Improved security is critical to strengthening democracy, providing stability, establishing an environment for economic growth and investment, improving respect for human rights, and countering drug trafficking, illegal immigration, and other transnational crime. U.S. assistance will support an integrated conflict mitigation strategy aimed at stabilizing urban "hot spots." Through the police contingent and bilateral assistance program, the U.S. will provide equipment and training to develop an honest, professional, and effective police force, capable of providing for the long-term stability of Haiti, and respecting and protecting the human rights of Haiti's citizens. Funding will also support the deployment of 50 police, many French and Creole speaking, to the UN civilian police contingent. To promote and sustain stability in poor, underserved, conflict-prone communities in Port au Prince and other towns, we will support a broad array of social infrastructure activities, especially for young people, while strengthening local and national government presence in these communities. To stem the drug flow through Haiti, the U.S. will continue partnerships with Haitian authorities and are creating institutions to fight both drug trafficking and related money laundering. Funds continue to support a number of efforts related to interdiction including support for the government's Financial Investigative Unit to combat money laundering and corruption. The Ministry of Social Affairs has requested USG assistance with its primary focus, trafficking issues. U.S. funding will provide protection and prevention services -- sheltering, re-insertion, and education - and support state agencies to identify and prosecute criminal activity and organizations to seek anti-trafficking legislation. Assistance funds will provide training to the Haitian Coast Guard (HGC) to improve the HGC's interdiction, operational and logistical skills, and enhance interoperability.

**Governing Justly and Democratically (\$23.9 million):** The U.S. seeks to strengthen, and in some cases create, governance institutions in Haiti. U.S. efforts are essential to keep the Electoral Council (CEP) and Government of Haiti progressing toward February 2008 Senate and Chamber elections. We will support transparency and effectiveness in key decision-making entities in the executive, and strengthen the Haitian legislature, local governments, civil society, political parties, and media. Improvements in the justice sector will build citizen confidence and ensure adherence to the rule of law as longer-term efforts take hold. The U.S. will work to improve the institutional capacity, responsiveness, and independence of the judiciary, encourage impartial administration of justice, and combat corruption.

**Investing in People (\$39.9 million):** The U.S. will continue to provide access to basic healthcare for 40% of the population and increase access to healthcare in urban slum areas. U.S. assistance will work to improve the health and well-being of the most vulnerable sectors of the population through targeted maternal and infant health and nutrition. The U.S. will reinforce Ministry of Health capacity to oversee service delivery and implement public-private partnerships while strengthening accountability to citizens. As Haiti's political and security situation stabilizes, U.S. priorities will shift from short-term projects to investments in long-term institution building. Food security programs will provide supplemental feeding for vulnerable groups, help to raise incomes, and improve household nutrition. Programs will promote adequate water and sanitation services to urban slum populations and finance a scholarship program for primary school children in Haiti's principal urban hot spots as part of the USG strategy to foster stability in these volatile underserved neighborhoods.

Linkages with the President's Emergency Plan for AIDS Relief (PEPFAR): Haiti, a PEPFAR focus country, will receive significant support for bilateral HIV/AIDS programs in FY 2008. These funds will be used, under the leadership of the host country government, to scale up integrated prevention, care and treatment programs throughout the country. PEPFAR support is

invested in partnerships to help the nation build its capacity for a sustainable response. Haiti will also receive PEPFAR resources for HIV/AIDS outside of the Foreign Operations appropriation.

**Economic Growth (\$32.1 million):** We will promote the government's implementation of sound macroeconomic and sectoral policies to create the conditions for sustained economic growth and job creation. We will also work to increase trade and investment-driven employment generation, strengthen Haiti's public and private sector trade capacity and to rebuild private sector links with markets. U. S. programs will continue to strengthen financial and business services to micro-entrepreneurs. An expanded workforce development program will reach out to at-risk youth with job-specific skills training, and encourage Haitian private firms to provide jobs to these groups. We will help Haitian producers link up with buyers who export high value crops such as coffee, cocoa, and mangoes, and develop new market chains that expand the range of profitable products. To address Haiti's environmental degradation, we plan new activities focusing on soil conservation, watershed management, reforestation, and other market and natural resource-based interventions. We will expand asset protection for the most vulnerable and most food insecure farmers through agriculture extension, improved household food storage, and natural resource protection activities.

**Humanitarian Assistance (\$0.5 million):** Addressing humanitarian vulnerabilities will remain critical as Haiti rebuilds. We will undertake disaster preparedness and mitigation activities with local communities, and bolster disaster response capacity. In addition, partners work closely with local officials and communities to reduce vulnerability to disasters and to improve recovery time.

#### Request by Element

(\$ in Thousands)	2006 Actual	2007 Estimate	2008 Request
<b>TOTAL</b>	205,526	*	222,900
Peace & Security	46,270	*	44,174
Stabilization Operations and Security Sector Reform	23,201	*	15,544
Defense, Military, and Border Restructuring, Reform and Operations	1,201	*	200
Law Enforcement Restructuring, Reform and Operations	22,000	*	14,844
Program Support (Stabilization)	0	*	500
Counter-Narcotics	1,650	*	1,830
Interdiction	1,650	*	1,630
Program Support (Narcotics)	0	*	200
Transnational Crime	1,250	*	800
Financial Crimes and Money Laundering	250	*	0
Trafficking-in-Persons and Migrant Smuggling	1,000	*	700
Program Support (Crime)	0	*	100
Conflict Mitigation and Reconciliation	20,169	*	26,000
Conflict Mitigation	20,169	*	25,500
Program Support (Conflict)	0	*	500
Governing Justly & Democratically	24,747	*	23,173
Rule of Law and Human Rights	5,650	*	7,073
Constitutions, Laws, and Legal Systems	0	*	500
Judicial Independence	500	*	1,500
Justice System	3,750	*	4,005
Human Rights	1,400	*	900
Program Support (Rule of Law)	0	*	168
Good Governance	10,702	*	12,000
Legislative Function and Processes	1,586	*	2,400

(\$ in Thousands)	2006 Actual	2007 Estimate	2008 Request
Public Sector Executive Function	4,500	*	3,865
Local Government and Decentralization	2,111	*	2,728
Anti-Corruption Reforms	2,505	*	2,300
Program Support (Governance)	0	*	707
Political Competition and Consensus-Building	5,250	*	1,100
Consensus-Building Processes	0	*	100
Elections and Political Processes	4,250	*	250
Political Parties	1,000	*	675
Program Support (Political Competition)	0	*	75
Civil Society	3,145	*	3,000
Civic Participation	2,145	*	1,775
Media Freedom and Freedom of Information	1,000	*	940
Program Support (Civil Society)	0	*	285
Investing in People	103,759	*	122,941
Health	83,557	*	110,616
HIV/AIDS	47,300	*	83,000
Tuberculosis	990	*	1,000
Maternal and Child Health	27,396	*	20,016
Family Planning and Reproductive Health	7,871	*	6,600
Education	12,916	*	6,825
Basic Education	10,441	*	6,825
Higher Education	2,475	*	0
Social and Economic Services and Protection for Vulnerable Populations	7,286	*	5,500
Social Assistance	7,286	*	5,500
Economic Growth	30,270	*	32,112
Macroeconomic Foundation for Growth	7,000	*	0
Fiscal policy	7,000	*	0
Trade and Investment	400	*	750
Trade and Investment Enabling Environment	0	*	250
Trade and Investment Capacity	400	*	362
Program Support (Trade)	0	*	138
Financial Sector	0	*	800
Financial Services	0	*	800
Agriculture	15,170	*	20,000
Agricultural Enabling Environment	100	*	200
Agricultural Sector Productivity	15,070	*	19,230
Program Support (Agriculture)	0	*	570
Private Sector Competitiveness	5,000	*	5,500
Business Enabling Environment	0	*	750
Private Sector Productivity	1,000	*	750
Workforce Development	4,000	*	3,834
Program Support (Private Sector)	0	*	166
Economic Opportunity	2,700	*	2,200
Policy Environment for Micro and Small Enterprises	200	*	500
Strengthen Microenterprise Productivity	2,500	*	1,400
Program Support (Econ Opportunity)	0	*	300
Environment	0	*	2,862
Natural Resources and Biodiversity	0	*	2,747
Program Support (Environment)	0	*	115
Humanitarian Assistance	480	*	500

(\$ in Thousands)	2006 Actual	2007 Estimate	2008 Request
Disaster Readiness	480	*	500
Capacity Building, Preparedness, and Planning	400	*	400
Program Support (Disaster Readiness)	80	*	100

#### **Statement of Changes**

Funding for Haiti has decreased from FY 2006 levels, including significant decreases in Democracy and Peace & Security. INCLE funding, although lower than the FY 2006 level, has increased allowing a shift of some Peace & Security programs funded in FY2006 with ESF funds to the INCLE account. The reduction of Foreign Military Financing (FMF) to Haiti reflects competing priorities worldwide.

## HONDURAS Transforming

### Obstacles and Opportunities for Advancing Transformational Diplomacy

Despite recent economic growth, Honduras remains one of the poorest countries in the hemisphere. The private sector does not provide nearly enough jobs to employ its growing population adequately - a principal cause of illegal immigration to the United States. The Honduran government is dominated by elites who are resistant to change, and government institutions thus remain highly centralized, chronically weak, and largely unable to deal effectively with fundamental problems. These include low educational achievement, an insufficiently competitive economy, poorly managed health services, pervasive corruption and nontransparency, high rates of crime and gang violence, trafficking in drugs and persons, and other organized criminal activity that threatens U.S. security.

However, the U.S.-Central American-Dominican Republic Free Trade Agreement (CAFTA), the \$215 million Millennium Challenge Account (MCA) compact, and provision of Highly Indebted Poor Country (HIPC) debt relief provide significant opportunities for fundamental reforms. The challenge is to build on these opportunities by maximizing the competitiveness of an expanded private sector and strengthening government institutions and civil society organizations. In addition, U.S. military assistance associated with the presence of a Joint Task Force in Honduras provides opportunities to transform the Honduran military into a force able to combat the transnational threats (to Honduras and the U.S.) posed by narco trafficking and terrorism.

Honduras must establish rule of law, maximize competitiveness of an expanding private sector, and formulate and implement effective policies and programs that improve the quality of life for the majority of Hondurans. The benefits of democracy have not reached the common people, as they must if security is to be improved, illegal immigration stemmed, and support for democratic governance strengthened.

U.S. priorities respond to these challenges. They are: good governance, open markets, economic growth, reduction of organized crime, and improvement in human capital through strengthened health and education systems.

### Resources to Help Advance Transformational Diplomacy

#### Request by Objective

(\$ in thousands)	2006 Actual	2007 Estimate	2008 Request
Peace & Security	2,424	*	1,830
Governing Justly & Democratically	3,340	*	5,850
Investing in People	32,477	*	20,350
Economic Growth	10,355	*	10,931
Humanitarian Assistance	677	*	0
<b>Total</b>	<b>49,273</b>	<b>*</b>	<b>38,961</b>

## Request by Account

(\$ in thousands)	2006 Actual	2007 Estimate	2008 Request
Child Survival and Health	13,140	*	10,600
Development Assistance	20,604	*	16,731
Foreign Military Financing	891	*	0
International Military Education & Training	1,218	*	880
International Narcotics Control and Law Enforcement	0	*	750
Nonproliferation, Antiterrorism & Demining	315	*	0
Public Law 480 (Food Aid)	13,105**	*	10,000
<b>Total</b>	<b>49,273</b>	<b>*</b>	<b>38,961</b>
Peace Corps	3832	*	3549

\*\*FY 2006 includes \$.665 million of P.L. 480 Title II emergency food aid. Emergency food aid has not been allocated to countries in FY 2008.

**Peace and Security (\$1.8 million):** Programs under this objective will help reduce transnational threats to the United States and its allies by helping the GOH transform the Honduran armed forces to combat trafficking in drugs, arms, and people, and to better cope with natural disasters and other threats to national integrity. Other programs assist the Government of Honduras (GOH) to implement meaningful police and immigration reform, combat the serious gang problem through prevention and law enforcement, and enact effective counter-narcotics and counter-trafficking measures. The United States supports improving the professionalism of the Honduran armed forces through training and joint exercises, and supports Honduran efforts to establish a regional rapid deployment force to confront natural disasters and other threats.

**Governing Justly and Democratically (\$5.9 million):** The United States Government (USG) program will help create successful local governments, a strong cadre of local leaders and professionals, and more effective civil society organizations that will promote and sustain a reform agenda for economic development, poverty reduction, increased transparency, and accountability. The United States works with change agents within the GOH, the private sector, and civil society to strengthen the rule of law and increase the public's understanding of their rights, the opportunities provided by CAFTA, and the importance of a new civil procedures code. Civil society oversight of local governments will increase accountability and transparency as well as strengthen community ownership for efforts addressing their priority concerns, such as delinquency, basic services, and economic development. Governments that are responsive to the needs of their constituents are more effective in combating crime and corruption and will establish a more attractive climate for business to grow. Improved transparency is also key as Honduras will face challenges to its electoral reform process leading up to the FY 2009 elections.

**Investing in People (\$20.4 million):** The USG Program will continue to assist the GOH and private sector partners in health, basic education, and workforce development. Programs will continue to focus on improved and extended maternal and child health and family planning services; enhanced management efficiency and increased access to services through decentralization, increased private sector involvement in service delivery; expanded HIV prevention and care; and improved Ministry of Health capacity to monitor health conditions, including HIV. The USG will also support developing and implementing standards for public schools, training teachers to integrate these new standards into the curricula and to improve teaching methods, and exchange programs. The Food for Peace Program will increase food security in some of the poorest areas of Honduras by expanding and diversifying food production, strengthening market infrastructure, improving nutrition and community health services, and enhancing local government planning capacity.



Linkages with the President's Emergency Plan for AIDS Relief (PEPFAR): Honduras will receive significant support for bilateral HIV/AIDS programs in FY 2008, with programmatic emphasis on a range of interventions related to care, treatment, and prevention.

**Economic Growth (\$10.9 million):** Economic growth is the only viable long-term strategy to alleviate poverty and produce a better quality of life for the average Honduran. The U.S. will help Honduras take advantage of historically unique opportunities (CAFTA, MCA, and debt relief) by helping make it more competitive in the global market. The U.S. will help promote an improved investment climate through more open market entry and competition, a new civil procedures code, enforcement of contracts and intellectual property rights, and increased trade between the United States and Honduras. U.S. support will continue to focus on CAFTA-related activities including policy analysis; discussions with stakeholders in support of CAFTA-related reforms and their implementation; trade capacity building; better understanding and application of Honduran labor law; diversified agricultural activities to help small farmers take advantage of new opportunities; more competitive market-oriented private enterprise in rural areas; improved ports and other infrastructure; and CAFTA's Environmental Cooperation Agreement. Environmental programs will reduce vulnerability from natural disasters and increasing the number of watersheds protected and managed by local citizens.

#### Request by Element

(\$ in Thousands)	2006 Actual	2007 Estimate	2008 Request
<b>TOTAL</b>	49,273	*	38,961
Peace & Security	2,424	*	1,830
Stabilization Operations and Security Sector Reform	2,424	*	880
Destruction and Security of Conventional Weapons	315	*	0
Defense, Military, and Border Restructuring, Reform and Operations	2,109	*	880
Counter-Narcotics	0	*	750
Interdiction	0	*	600
Program Support (Narcotics)	0	*	150
Transnational Crime	0	*	200
Trafficking-in-Persons and Migrant Smuggling	0	*	200
Governing Justly & Democratically	3,340	*	5,850
Rule of Law and Human Rights	613	*	1,400
Judicial Independence	0	*	250
Justice System	510	*	1,000
Program Support (Rule of Law)	103	*	150
Good Governance	2,353	*	4,000
Local Government and Decentralization	1,763	*	2,825
Anti-Corruption Reforms	200	*	825
Program Support (Governance)	390	*	350
Civil Society	374	*	450
Civic Participation	300	*	380
Program Support (Civil Society)	74	*	70
Investing in People	32,477	*	20,350
Health	18,111	*	15,650
HIV/AIDS	5,156	*	5,000
Tuberculosis	420	*	0
Maternal and Child Health	3,452	*	7,311
Family Planning and Reproductive Health	9,083	*	3,339

(\$ in Thousands)	2006 Actual	2007 Estimate	2008 Request
Education	11,880	*	4,700
Basic Education	11,880	*	4,700
Social and Economic Services and Protection for Vulnerable Populations	2,486	*	0
Social Services	2,486	*	0
Economic Growth	10,355	*	10,931
Trade and Investment	1,000	*	3,370
Trade and Investment Enabling Environment	396	*	0
Trade and Investment Capacity	396	*	3,120
Program Support (Trade)	208	*	250
Agriculture	6,531	*	4,950
Agricultural Enabling Environment	1,251	*	0
Agricultural Sector Productivity	4,971	*	4,950
Program Support (Agriculture)	309	*	0
Private Sector Competitiveness	0	*	500
Business Enabling Environment	0	*	475
Program Support (Private Sector)	0	*	25
Environment	2,824	*	2,111
Natural Resources and Biodiversity	2,644	*	1,500
Clean Productive Environment	0	*	200
Program Support (Environment)	180	*	411
Humanitarian Assistance	677	*	0
Protection, Assistance and Solutions	677	*	0
Crisis Assistance and Recovery	677	*	0

#### **Linkages with the Millennium Challenge Corporation (MCC)**

Honduras has a \$215 million dollar compact with the Millennium Challenge Corporation in 2006. The compact's two objectives are to increase the productivity and business skills of operators of small and medium size farms, and reduce transportation costs between targeted production centers and national, regional, and global markets.

#### **Statement of Changes**

Honduras received \$0.7 million in P.L. 480 Title II Emergency Food Aid in FY 2006. Since Emergency Food Aid is not yet allocated in the FY 2008 Honduras request number, the difference between FY 2006 and FY 2008 for comparative purposes is \$9.6 million. Most of this decrease occurred in basic education and social services. Correspondingly, in FY 2008 the program will place greater emphasis on HIV/AIDS, good governance, and trade and investment primarily to complement the MCC compact signed in 2006. INCLE funding in FY 2006 was not reflected in the bilateral country program, but rather in a regional program. The reduction of Foreign Military Financing (FMF) to Honduras reflects competing priorities worldwide.

**JAMAICA**  
Developing

**Obstacles and Opportunities for Advancing Transformational Diplomacy**

Jamaica faces the pressures of narcotics trafficking, money laundering, corruption, and crime that risk undermining rule of law and democratic governance. Supporting Jamaica's transformation into a more secure, democratic, prosperous and stable partner is a major U.S. policy goal. The United States cooperates with Jamaica on a wide range of issues, including domestic and international security matters, counter-narcotics, economic development, law enforcement, and combating trafficking in persons. In FY 2008 the United States will support the Government of Jamaica's (GOJ) counter-drug, anti-crime, and anti-corruption efforts, promote greater public awareness of HIV/AIDS, encourage a stronger Jamaican role on human rights and democracy, improve education, and stimulate sustainable economic growth.

Over one million U.S. citizens visit Jamaica annually and an estimated 10,000 U.S. citizens reside in Embassy Kingston's consular district. Ensuring their welfare is a central U.S. policy goal. While the United States and Jamaica share many common values, important segments of Jamaican popular opinion frequently criticize U.S. policy on issues such as criminal deportees, U.S. engagement in Haiti and Iraq, free trade, and the adequacy of the U.S. response to environmental challenges. The U.S. expects these issues will feature in Parliamentary elections, scheduled to occur prior to the end of 2007.

**Resources to Help Advance Transformational Diplomacy**

**Request by Objective**

(\$ in thousands)	2006 Actual	2007 Estimate	2008 Request
Peace & Security	3,131	*	2,764
Governing Justly & Democratically	2,578	*	2,437
Investing in People	7,902	*	3,190
Economic Growth	1,284	*	2,485
<b>Total</b>	<b>14,895</b>	*	<b>10,876</b>

**Request by Account**

(\$ in thousands)	2006 Actual	2007 Estimate	2008 Request
Child Survival and Health	4,472	*	1,221
Development Assistance	7,821	*	7,391
Foreign Military Financing	594	*	0
International Military Education & Training	908	*	750
International Narcotics Control and Law Enforcement	990	*	1,009
Nonproliferation, Antiterrorism & Demining	110	*	505
<b>Total</b>	<b>14,895</b>	*	<b>10,876</b>
Peace Corps	2685	*	2778

**Peace and Security (\$2.8 million):** Jamaica's proximity to the United States and well-developed sea lanes and air links facilitate the transit of over two million travelers annually between the United States and Jamaica. Jamaica has one of the highest per-capita murder rates in the world. The United States will work closely with the GOJ to identify and properly address threats before

they reach U.S. shores, assist with port and border security measures, expand the capability of Jamaican security forces to share counter-narcotics, anti-money laundering and counter-terrorism burdens, protect Jamaican waters, and support the peacekeeping and humanitarian work of U.S. Southern Command. The United States will promote law enforcement cooperation and reinforce Jamaican police and military enforcement capabilities. U. S. assistance will help to reduce crime and violence by increasing community and citizen support for police activities. Also U.S. assistance will be provided to address trafficking-in- person issues. Funds will support training to increase the Jamaica Defense Force (JDF) coast guard, air wing, and ground forces readiness, interoperability and professionalism. In the area of counter terrorism, the United States will cooperate closely through exchanges of information and intelligence, training and equipping of the Counter-Terrorism Operations Group (CTOG) of the Jamaica Defense Force (JDF), seminars and training provided under the Counter-Terrorism Fellowship Program, and in security/counter-terrorism preparations for the Cricket World Cup.

**Governing Justly and Democratically (\$2.4 million):** The GOJ's capability to deter drug trafficking and other transnational criminal activities is severely limited because of scarce resources, poor training, an ineffective legal system, inadequate infrastructure, and corruption. Jamaican gangs' ability to infiltrate the United States threatens U.S. domestic tranquility, challenges U.S. law enforcement, and increases the financial burden on U.S. taxpayers. Corruption will also be addressed through support for anti-corruption reforms within the Jamaican police, strengthening the public prosecutor's office, and civil society programs.

**Investing in People (\$3.2 million):** The U.S. goal in focusing on improving living conditions and quality of life for the Jamaican people is to break the vicious cycle of poor education, lack of job opportunities, and health problems that are major impediments to Jamaica's development. Improvements in education will focus on creating public-private partnerships in education at all levels, including Jamaica's Center for Excellence in Teacher Training. The United States will also address the challenge of rural development, including increased protection of the island's fragile environment.

Linkages with the President's Emergency Plan for AIDS Relief (PEPFAR): Jamaica will receive significant support for bilateral HIV/AIDS programs in FY 2008, with programmatic emphasis on a range of interventions related to care, treatment, and prevention.

**Economic Growth (\$2.5 million):** The United States is Jamaica's largest trading partner, maintaining a substantial surplus in bilateral trade. Jamaica's poor economic performance creates an environment conducive to cross border criminal activity, hinders Jamaica's ability to exert adequate authority and provide public services, and limits U.S. economic opportunities. The United States will support micro-enterprise and small business development in targeted urban communities and environmentally-sustainable rural development.

### Request by Element

(\$ in Thousands)	2006 Actual	2007 Estimate	2008 Request
<b>TOTAL</b>	14,895	*	10,876
Peace & Security	3,131	*	2,764
Counter-Terrorism	0	*	505
Governments' Capabilities	0	*	505
Stabilization Operations and Security Sector Reform	1,612	*	750
Immediate Protection of Civilians in Conflict	1,612	*	0
Defense, Military, and Border Restructuring, Reform and Operations	0	*	750

(\$ in Thousands)	2006 Actual	2007 Estimate	2008 Request
Counter-Narcotics	990	*	1,009
Interdiction	990	*	609
Program Support (Narcotics)	0	*	400
Transnational Crime	529	*	500
Trafficking-in-Persons and Migrant Smuggling	529	*	500
Governing Justly & Democratically	2,578	*	2,437
Rule of Law and Human Rights	1,785	*	1,687
Justice System	1,785	*	1,687
Civil Society	793	*	750
Civic Participation	793	*	750
Investing in People	7,902	*	3,190
Health	4,472	*	1,221
HIV/AIDS	1,485	*	1,221
Other Public Health Threats	510	*	0
Maternal and Child Health	497	*	0
Family Planning and Reproductive Health	1,980	*	0
Education	3,430	*	1,969
Basic Education	3,430	*	1,969
Economic Growth	1,284	*	2,485
Private Sector Competitiveness	1,284	*	1,485
Private Sector Productivity	1,284	*	1,250
Workforce Development	0	*	235
Economic Opportunity	0	*	1,000
Strengthen Microenterprise Productivity	0	*	1,000

#### Statement of Changes

Funding for Jamaica has decreased from FY 2006 levels. Overall programs have seen an increase in counter-terrorism, and economic growth areas in order to address the key roots of criminal activity and instability. The reduction of Foreign Military Financing (FMF) to Jamaica reflects competing priorities worldwide.

**MEXICO**  
Sustaining Partnership

**Obstacles and Opportunities for Advancing Transformational Diplomacy**

The United States has enormous interests in Mexico -- politically, economically and with regard to our own national security. Its very proximity inexorably intertwines our everyday life, as well as our futures. Mexico shares a 2000 mile border with the U.S., is our third largest trading partner, and, within NAFTA, is a trade and security partner with the U.S. and Canada and a major recipient of direct foreign investment. Mexico is also a major source of illegal immigration (both by its own nationals and those of other countries), a principal transit route for South American cocaine, and an important producer in its own right of the heroin, marijuana, and methamphetamine consumed in the United States. Despite recent strengthening, Mexico's police and judicial institutions have been unable to curb the powerful narcotics cartels, whose activities have a direct impact across the U.S. border. Drug-related corruption and a pervasive lack of adequate resources within Mexico's law enforcement institutions encourages narco-trafficking, alien smuggling, and other transnational crime, and increases U.S. vulnerability to terrorism. Weaknesses in Mexico's institutions also affect its democratic stability and governance. Mexico's judicial system is undergoing significant reform, to make it more efficient and less opaque; public institutions are struggling to attack endemic corruption. It is the highest priority for the U.S. to support Mexico's efforts to improve security along our shared border and to create a prosperous society that enjoys the full rule of law.

Poverty remains a major challenge to Mexico's transformation to be able to provide for the needs of all its citizens. In addition to spurring illegal immigration, poverty leads to public health risks and environmental damage that directly affect the United States, given our shared border and extensive bilateral commerce. Poverty and persistently low economic growth inhibit the country's progress. It is also a priority for the United States to support Mexico's undertaking structural reforms which would allow it to take full advantage of its NAFTA membership.

**Resources to Help Advance Transformational Diplomacy**

**Request by Objective**

(\$ in thousands)	2006 Actual	2007 Estimate	2008 Request
Peace & Security	31,433	*	24,579
Governing Justly & Democratically	19,898	*	9,495
Investing in People	10,990	*	5,200
Economic Growth	4,644	*	5,650
Humanitarian Assistance	0	*	200
<b>Total</b>	<b>66,965</b>	<b>*</b>	<b>45,124</b>

**Request by Account**

(\$ in thousands)	2006 Actual	2007 Estimate	2008 Request
Child Survival and Health	3,990	*	2,500
Development Assistance	11,357	*	0
Economic Support Fund	11,385	*	14,000
International Military Education & Training	8	*	388
International Narcotics Control and Law Enforcement	39,600	*	27,816
Nonproliferation, Antiterrorism & Demining	625	*	420
<b>Total</b>	<b>66,965</b>	<b>*</b>	<b>45,124</b>
Peace Corps	1311	*	1877

**Peace and Security (\$24.6 million):** The extensive shared border, and the poverty that motivates millions to cross it illegally each year, places Peace and Security at the top of the list of U.S. transformational diplomacy priorities. Counter-narcotics activities, including support for Mexico's interdiction and demand reduction activities, as well as Mexico's evolving anti-money laundering regime, are crucial not only due to the damage that illegal drugs cause to the U.S. population, but also due to the threat that uncontrolled criminality poses to our broader pursuit of border security and to Mexico's own democratic stability. U.S. support to Mexico's restructuring of its police and judicial institutions is key to enhancing Mexico's ability to address the security issues of greatest concern to the United States, including international terrorism. U.S. assistance to Mexico's law enforcement entities in these efforts will be used primarily to improve and expand their infrastructure and to provide for professional training. Cooperation with Mexico's military is critical to U.S. homeland defense. U.S. assistance will be used to strengthen military command and technical capabilities, as well as respect for human rights, resource management and English-language skills, and enhance interoperability and cooperation in counterterrorism and counternarcotics missions.

**Governing Justly and Democratically (\$9.5 million):** Supporting Mexico's ability to govern justly and democratically is also a key focus of transformational diplomacy. The judicial sector is key, not only for fighting crime and terrorism (e.g. through training of prosecutors), but also for Mexico's economic modernization and competitiveness (and the creation of a level playing field for investors). We will support Mexican judicial reforms to establish an accusatorial/oral trial system and to improve legal codes to deal with new threats such as gang violence and trafficking in persons. State legislators and government officials who have adopted best practices through exchanges with their U.S. and third-country counterparts will be important catalysts of transparent governance in Mexico, as will civil society organizations that support reforms affecting competitiveness and public transparency.

The U.S. will provide training and technical assistance for Mexico's reform and professionalization of federal, state, and local police personnel as part of the solution to escalating drug-related violence that has affected the border region, in particular. Assistance will also be provided for accusatorial/oral criminal code procedural reforms to an additional ten states from the current three.

**Investing in People (\$5.2 million):** Education is key to addressing problems of poverty and improving Mexico's economic development. Given Mexico's high completion rate for secondary school (80%) and its status as a middle income country, the U.S. assistance program is mostly focused on tertiary education. Programs include higher education through partnerships with Mexican universities on research, scholarships, and exchanges in areas such as small business development and microfinance, technological innovation, and workforce development; and scholarships for indigenous and disadvantaged youth at U.S. community colleges in technical areas; all of which contribute to competitiveness. A basic education program that focuses on the improvement of teacher training in indigenous rural areas completes the program. Public health concerns, notably HIV/AIDS and TB, have cross-border impacts, and will be addressed through the assistance program.

Linkages with the President's Emergency Plan for AIDS Relief (PEPFAR): Mexico will receive significant support for bilateral HIV/AIDS programs in FY 2008, with programmatic emphases on a range of interventions related to care, treatment, and prevention.

**Economic Growth (\$5.6 million):** Mexico's transformation will require sustained economic growth which can only come through policy reforms. U.S. assistance programs can be supportive, funding partners who seek a more competitive business environment and energy sector reform. Other elements in this area are helping rural Mexicans (a principal source of illegal immigration to the U.S.) obtain better access to financial services, assisting states and cities enter capital markets, and helping small businesses obtain better access to a range of services and information.

U.S. assistance will support Mexico's efforts to promote the sustainable management of its diverse natural resources; provide a foundation to increase rural prosperity, particularly in those areas where poverty is driving immigration; and transition to new products that increase the competitiveness of Mexico's rural sector. Programs will support improvement of federal and state capacities to manage water, forestry, and biological resources; and improve enforcement of environmental regulations. Improvements that reduce pollution in Mexico, particularly along our shared border, will be of particular interest.

**Humanitarian Assistance (\$0.2 million):** U.S. assistance programs will support Mexico's disaster management capability by continuing a successful program on fire management.

#### Request by Element

(\$ in Thousands)	2006 Actual	2007 Estimate	2008 Request
<b>TOTAL</b>	66,965	*	45,124
Peace & Security	31,433	*	24,579
Counter-Terrorism	14,825	*	6,469
Governments' Capabilities	14,225	*	6,020
Program Support (Counter-Terrorism)	600	*	449
Combating Weapons of Mass Destruction (WMD)	0	*	300
Counter WMD Proliferation and Combat WMD Terrorism	0	*	300
Stabilization Operations and Security Sector Reform	8	*	4,388
Defense, Military, and Border Restructuring, Reform and Operations	8	*	4,388
Counter-Narcotics	16,080	*	12,872
Eradication	200	*	200
Interdiction	14,540	*	11,672
Drug Demand Reduction	500	*	200
Program Support (Narcotics)	840	*	800
Transnational Crime	520	*	550
Financial Crimes and Money Laundering	500	*	500
Program Support (Crime)	20	*	50
Governing Justly & Democratically	19,898	*	9,495
Rule of Law and Human Rights	14,562	*	9,045
Justice System	12,851	*	7,895
Human Rights	1,149	*	0
Program Support (Rule of Law)	562	*	1,150
Good Governance	2,567	*	0
Local Government and Decentralization	1,323	*	0
Anti-Corruption Reforms	602	*	0
Program Support (Governance)	642	*	0
Political Competition and Consensus-Building	1,741	*	0
Consensus-Building Processes	1,099	*	0
Political Parties	500	*	0



(\$ in Thousands)	2006 Actual	2007 Estimate	2008 Request
Program Support (Political Competition)	142	*	0
Civil Society	1,028	*	450
Civic Participation	546	*	400
Media Freedom and Freedom of Information	50	*	0
Program Support (Civil Society)	432	*	50
Investing in People	10,990	*	5,200
Health	3,990	*	2,500
HIV/AIDS	2,970	*	2,200
Tuberculosis	1,020	*	300
Education	7,000	*	2,700
Basic Education	4,955	*	0
Higher Education	2,045	*	2,700
Economic Growth	4,644	*	5,650
Financial Sector	100	*	0
Financial Sector Enabling Environment	100	*	0
Infrastructure	750	*	0
Modern Energy Services	650	*	0
Program Support (Infrastructure)	100	*	0
Private Sector Competitiveness	743	*	1,505
Business Enabling Environment	743	*	1,000
Workforce Development	0	*	305
Program Support (Private Sector)	0	*	200
Economic Opportunity	2,056	*	3,645
Inclusive Financial Markets	1,731	*	1,260
Strengthen Microenterprise Productivity	325	*	1,635
Program Support (Econ Opportunity)	0	*	750
Environment	995	*	500
Natural Resources and Biodiversity	995	*	395
Program Support (Environment)	0	*	105
Humanitarian Assistance	0	*	200
Disaster Readiness	0	*	200
Capacity Building, Preparedness, and Planning	0	*	200

### Statement of Changes

From FY 2006 to FY 2008 funding for Mexico decreased by \$21.8 million, primarily affecting programs in counter-terrorism, counter-narcotics, and governance activities as a result of reductions in the INCLE and NADR accounts. This is appropriate given Mexico's position as the thirteenth largest economy in the world. IMET funding increased from zero funding to nearly \$400,000 due to the de-linking of IMET from ASPA (American Service Members Protection Act) sanctions.

**NICARAGUA**  
Transforming

**Obstacles and Opportunities for Advancing Transformational Diplomacy**

Following Daniel Ortega's January 10, 2006 return to the presidency, U.S. foreign policy priorities in Nicaragua are to strengthen democracy and governance, promote economic growth, and improve security. Cutting across all transformational diplomacy objectives is a strong public diplomacy element that highlights our desire for positive relations with the new Sandinista government. FY 2008 will be a critical year for Nicaragua as the newly elected president completes his initial year in office, and implementation of the historic Central America-Dominican Republic-United States Free Trade Agreement (CAFTA-DR) hopefully hits its stride.

One of Nicaragua's greatest challenges is to develop transparent and accountable government institutions that provide the stability and trust needed for economic investment and growth. Nicaragua's judicial and legislative systems are highly politicized and controlled by the anti-democratic "pact" between Daniel Ortega and Arnoldo Aleman. Only judicial independence, transparent government institutions and political processes, and a strong civil society can curb the abuses of power that stem from this politicization.

The second poorest country in the western hemisphere, Nicaragua faces significant challenges in reducing poverty and economic disparity. The recent entry into force of CAFTA-DR provides a platform to boost economic growth and create jobs, offering space for a robust private sector. Similarly, the MCC compact signed in July, 2005 focuses on creating the necessary infrastructure and institutions for private enterprises to flourish at the grass roots level.

Intrinsic to all aspects of political, economic and social development are peace and security. Nicaragua's porous borders, weak state institutions and rule of law, especially in the Atlantic Coast region, attract illicit activities such as trafficking in drugs, humans and weapons, threatening U.S. security and regional stability.

**Resources to Help Advance Transformational Diplomacy**

**Request by Objective**

(\$ in thousands)	2006 Actual	2007 Estimate	2008 Request
Peace & Security	1,343	*	2,175
Governing Justly & Democratically	10,310	*	4,000
Investing in People	18,591	*	11,700
Economic Growth	17,339	*	11,300
Humanitarian Assistance	0	*	200
<b>Total</b>	<b>47,583</b>	<b>*</b>	<b>29,375</b>

**Request by Account**

(\$ in thousands)	2006 Actual	2007 Estimate	2008 Request
Child Survival and Health	7,699	*	7,500
Development Assistance	22,169	*	13,700
Economic Support Fund	3,366	*	0
Foreign Military Financing	594	*	0
International Military Education & Training	740	*	500

(\$ in thousands)	2006 Actual	2007 Estimate	2008 Request
International Narcotics Control and Law Enforcement	0	*	1,600
Nonproliferation, Antiterrorism & Demining	9	*	75
Public Law 480 (Food Aid)	13,006**	*	6,000
<b>Total</b>	<b>47,583</b>	*	<b>29,375</b>
Peace Corps	2595	*	2711

\*\*FY 2006 includes \$.926 million of P.L. 480 Title II emergency food aid. Emergency food aid has not been allocated to countries in FY 2008.

**Peace and Security (\$2.2 million):** Working with the GON to reduce the threat to U.S. security and to the Central American region posed by Nicaragua's excess weapons, particularly its surface-to-air missiles (MANPADS), remains a key priority. The weapons reward program, which focuses on the discovery and seizure of illicit, privately-held weapons, will continue. The U.S. will continue to help the GON improve its capacity to respond to terrorist threats through information-sharing and support for development of a counterterrorism force. An effective, professional law enforcement and military is critical to the success of Nicaraguan democracy and efforts to combat terrorism, corruption, narcotics, trans-national crime and trafficking, money laundering and the emerging threat of gang violence. The U.S. will engage civil society and work with the GON to bring greater transparency, participatory budgeting, and social auditing to the military and to improve law enforcement.

**Governing Justly and Democratically (\$4 million):** The top U.S. priority remains strengthening and consolidating democracy through the development of transparent, accountable and professional government institutions. The core issues of rule of law and anticorruption remain, as well as the need for substantial structural reform across critical GON institutions. New programs in the justice sector will work to make the institutions more transparent and effective. At the same time, anticorruption efforts will continue to help Nicaragua fight corruption and improve legal and regulatory frameworks. Finally, we will help democratic civil forces and newly emerged democratic parties to restructure electoral processes and assist Nicaraguan political institutions to blunt caudillo politics and improve citizen participation and transparency. Programs will support increased citizen advocacy, and highlight the role of the media in consolidating a culture of democracy.

**Investing in People (\$11.7 million):** An educated and healthy work force is fundamental to spurring greater prosperity, democracy and security in Nicaragua. U.S. assistance to improve the quality of and access to basic education has had a measurable impact and is primed to expand to three times the number of schools served. A small university linkages program will be added to strengthen higher education and build lasting relationships between universities in both countries. As Nicaragua begins to consolidate its improved health services, the USG's focus will shift to working with the Ministry of Health to reform health policies and improve institutional management of budgeting, procurement, and oversight capacities, improving their institutional capacity and sustainability. With the planned graduation of the family planning program, there will be increased attention to child and maternal healthcare. Environmental protection, especially within the context of CAFTA-DR and preserving biodiversity, will be integrated into all aspects of our economic growth programs. For the most vulnerable populations, especially those temporarily affected by the transition to free trade, safety nets such as food distribution programs will help ease the adjustment.

Linkages with the President's Emergency Plan for AIDS Relief (PEPFAR): Nicaragua will receive significant support for bilateral HIV/AIDS programs in FY 2008, with programmatic emphasis on a range on interventions related to care, treatment, and prevention.

**Economic Growth (\$11.3 million):** With U.S. support, Nicaragua has undergone significant economic change over the past decade, opening its markets, increasing foreign investment, and joining CAFTA-DR. To maximize CAFTA-DR's benefits, Nicaragua needs to aggressively address deficiencies in trade capacity and adjust to the rigors and requirements of free trade. A crucial part of this adjustment is to reorient economic activities to take advantage of free trade. A vigorous agricultural diversification program will help more small-scale farmers improve food security by tying into high-value product and marketing chains, and supplying domestic and international markets not previously accessible to them. Productive infrastructure development (e.g., transport, cold-storage and water systems) will be important to improve competitiveness. Addressing the legal-institutional framework, including work on customs reform, intellectual property rights and rules of origin, alternative commercial and trade dispute resolution, will improve the business and investment climate. These programs are critical in complying with U.S. commitments under CAFTA-DR, and fostering economic growth.

**Humanitarian Assistance (\$0.2 million):** Nicaragua is highly susceptible to natural disasters and their aftermath, chiefly because of the country's particular geography and intense poverty. Disaster planning and mitigation assistance will expand work with the national and local governments to improve disaster preparedness and mitigation.

#### Request by Element

(\$ in Thousands)	2006 Actual	2007 Estimate	2008 Request
<b>TOTAL</b>	47,583	*	29,375
Peace & Security	1,343	*	2,175
Counter-Terrorism	9	*	75
Deny Terrorist Sponsorship, Support and Sanctuary	9	*	75
Stabilization Operations and Security Sector Reform	1,334	*	500
Immediate Protection of Civilians in Conflict	1,334	*	0
Defense, Military, and Border Restructuring, Reform and Operations	0	*	500
Counter-Narcotics	0	*	1,250
Interdiction	0	*	850
Drug Demand Reduction	0	*	260
Program Support (Narcotics)	0	*	140
Transnational Crime	0	*	350
Trafficking-in-Persons and Migrant Smuggling	0	*	350
Governing Justly & Democratically	10,310	*	4,000
Rule of Law and Human Rights	1,529	*	1,750
Justice System	1,354	*	1,645
Human Rights	29	*	0
Program Support (Rule of Law)	146	*	105
Good Governance	1,065	*	1,500
Anti-Corruption Reforms	931	*	1,415
Program Support (Governance)	134	*	85
Political Competition and Consensus-Building	5,954	*	750
Elections and Political Processes	5,091	*	700
Political Parties	572	*	0
Program Support (Political Competition)	291	*	50
Civil Society	1,762	*	0
Civic Participation	1,442	*	0
Media Freedom and Freedom of Information	97	*	0
Program Support (Civil Society)	223	*	0

(\$ in Thousands)	2006 Actual	2007 Estimate	2008 Request
Investing in People	18,591	*	11,700
Health	12,901	*	10,000
HIV/AIDS	990	*	1,500
Maternal and Child Health	8,412	*	6,500
Family Planning and Reproductive Health	3,499	*	2,000
Education	5,690	*	1,700
Basic Education	5,690	*	1,500
Higher Education	0	*	200
Economic Growth	17,339	*	11,300
Macroeconomic Foundation for Growth	500	*	0
Fiscal policy	460	*	0
Program Support (Macro Econ)	40	*	0
Trade and Investment	1,954	*	1,090
Trade and Investment Enabling Environment	875	*	550
Trade and Investment Capacity	829	*	460
Program Support (Trade)	250	*	80
Infrastructure	0	*	1,000
Transport Services	0	*	940
Program Support (Infrastructure)	0	*	60
Agriculture	12,084	*	5,860
Agricultural Sector Productivity	11,754	*	5,500
Program Support (Agriculture)	330	*	360
Private Sector Competitiveness	0	*	1,850
Private Sector Productivity	0	*	1,740
Program Support (Private Sector)	0	*	110
Environment	2,801	*	1,500
Natural Resources and Biodiversity	2,675	*	1,380
Program Support (Environment)	126	*	120
Humanitarian Assistance	0	*	200
Disaster Readiness	0	*	200
Capacity Building, Preparedness, and Planning	0	*	100
Mitigation	0	*	90
Program Support (Disaster Readiness)	0	*	10

#### **Linkages with the Millennium Challenge Corporation (MCC)**

Nicaragua has a \$175 million dollar compact with the Millennium Challenge Corporation. The compact aims to reduce poverty and spur economic growth by funding projects aimed at reducing transportation costs and improving access to markets for rural communities; increasing wages and profits from farmers; and increasing investment by strengthening property rights.

#### **Statement of Changes**

Nicaragua received P.L. 480 Title II Emergency Food Aid in FY 2006 in the amount of \$965,000. Since Emergency Food Aid has not been allocated to countries for FY 2008 the budget for Nicaragua has actually decreased by \$17.3 million. The reduction of Foreign Military Financing (FMF) to Nicaragua reflects competing priorities worldwide.

**PANAMA**  
Sustaining Partnership

**Obstacles and Opportunities for Advancing Transformational Diplomacy**

In December 2006 the U.S. and Panama concluded Trade Promotion Agreement negotiations. Although Panama's real growth, trade, investment, fiscal performance and per capita income are strong, a stubborn poverty rate of 40% and vast income disparities leave significant portions of the population vulnerable to anti-capitalist and anti-democratic ideologies popular in the region. Although Panama's democracy was restored in December 1989, corruption, lack of transparency, weak rule of law and government pressure on journalists remains a concern. By virtue of its geographic position and well-developed transportation infrastructure, Panama is a major drug transshipment point to the United States and Europe. Panama's containerized seaports, the Pan-American Highway, a rapidly growing international hub airport, numerous uncontrolled airfields, and vast unguarded coastlines on both the Atlantic and Pacific facilitate narcotrafficking. The United States has a vital stake in helping the Government of Panama address these security problems

**Resources to Help Advance Transformational Diplomacy**

**Request by Objective**

(\$ in thousands)	2006 Actual	2007 Estimate	2008 Request
Peace & Security	6,092	*	2,285
Governing Justly & Democratically	1,412	*	0
Economic Growth	200	*	0
<b>Total</b>	<b>7,704</b>	<b>*</b>	<b>2,285</b>

**Request by Account**

(\$ in thousands)	2006 Actual	2007 Estimate	2008 Request
Andean Counterdrug Initiative	4,455	*	1,000
Development Assistance	200	*	0
Economic Support Fund	990	*	0
Foreign Military Financing	990	*	0
International Military Education & Training	894	*	185
Nonproliferation, Antiterrorism & Demining	175	*	1,100
<b>Total</b>	<b>7,704</b>	<b>*</b>	<b>2,285</b>
Peace Corps	2719	*	2808

**Peace and Security (\$2.3 million):** U.S. assistance in FY 2008 will continue to support the Government of Panama's drug interdiction activities, counter-terrorism efforts, and security programs. U.S. funded programs will focus on upgrading critical facilities and providing training and equipment for law enforcement units to improve drug detection, seizure and mobile inspection capabilities and port and border point of entry security programs. U.S. assistance will help professionalize the Panamanian Public Forces (PPF) and enhance its capabilities to execute security operations, including responding to threats against the Canal and other critical infrastructure. In addition, training will promote more effective resource management, respect for human rights, and civil-military operations. Funding for counterterrorism initiatives will allow us to address partially the issue of strengthening communities in the remote Darien region, where the government has minimal presence and communities are often ill-equipped to resist Colombian narco-terrorist groups in search of sanctuary.

### Request by Element

(\$ in Thousands)	2006 Actual	2007 Estimate	2008 Request
<b>TOTAL</b>	7,704	*	2,285
Peace & Security	6,092	*	2,285
Counter-Terrorism	175	*	1,000
Deny Terrorist Sponsorship, Support and Sanctuary	175	*	750
Governments' Capabilities	0	*	250
Combating Weapons of Mass Destruction (WMD)	0	*	100
Counter WMD Proliferation and Combat WMD Terrorism	0	*	100
Stabilization Operations and Security Sector Reform	2,335	*	185
Defense, Military, and Border Restructuring, Reform and Operations	1,884	*	185
Law Enforcement Restructuring, Reform and Operations	375	*	0
Program Support (Stabilization)	76	*	0
Counter-Narcotics	3,582	*	1,000
Interdiction	2,900	*	600
Drug Demand Reduction	75	*	0
Program Support (Narcotics)	607	*	400
Governing Justly & Democratically	1,412	*	0
Good Governance	1,412	*	0
Anti-Corruption Reforms	1,150	*	0
Program Support (Governance)	262	*	0
Economic Growth	200	*	0
Trade and Investment	198	*	0
Trade and Investment Capacity	198	*	0
Environment	2	*	0
Natural Resources and Biodiversity	2	*	0

### Statement of Changes

Funding for the Panama program decreases by \$5.419 million from FY 2006 to FY 2008. While the program included activities in governance and trade and investment in FY 2006, it will focus exclusively on the peace and security transformational development objective in FY 2008. This is appropriate as Panama's real growth, trade, investment, fiscal performance and per capita income are strong. The emphasis in FY 2008 will be on new activities in counter-terrorism and phasing out activities in counter-narcotics. The reduction of Foreign Military Financing (FMF) to Panama reflects competing priorities worldwide.

**PARAGUAY**  
Developing

**Obstacles and Opportunities for Advancing Transformational Diplomacy**

Corruption permeates all levels of political and economic life in Paraguay. It undermines the faith of her citizens in democracy and the free market. Paraguay's justice system is slow and impunity remains a serious problem. Paraguay is also a hub for international crime including terrorist financing, drug and arms trafficking (some involving the Revolutionary Armed Forces of Colombia), money laundering, counterfeiting, document forgery, trafficking in persons, and intellectual property rights (IPR) violations. Paraguay is the weakest link in the porous tri-border area of Argentina, Brazil, and Paraguay. Its relatively slow growth, an undiversified economy, and a hostile business environment combined with high population growth have resulted in little reduction in poverty. Its public health system has failed to address a range of health challenges, such as high maternal mortality rates, a growing youth population, and deteriorating child welfare. To date, corruption, overly centralized management, and weak service delivery have characterized the health and environmental sectors.

Despite these problems, U.S. assistance can make significant contributions to promote transformation in Paraguay. The current government has demonstrated the political will to make changes, albeit in a difficult political environment that has kept the pace of change slow. Governing justly and democratically is the overarching objective in Paraguay, and anti-corruption is a key cross-cutting theme. Programs related to peace and security, economic growth, and investing in people support the overall goal of improved democratic governance, and play an important role in preserving reform momentum and preventing backsliding.

**Resources to Help Advance Transformational Diplomacy**

**Request by Objective**

(\$ in thousands)	2006 Actual	2007 Estimate	2008 Request
Peace & Security	1,010	*	950
Governing Justly & Democratically	3,960	*	2,800
Investing in People	2,884	*	1,300
Economic Growth	2,405	*	1,700
<b>Total</b>	<b>10,259</b>	*	<b>6,750</b>

**Request by Account**

(\$ in thousands)	2006 Actual	2007 Estimate	2008 Request
Child Survival and Health	2,884	*	1,300
Development Assistance	4,385	*	4,700
Economic Support Fund	1,980	*	0
International Military Education & Training	0	*	200
International Narcotics Control and Law Enforcement	0	*	280
Nonproliferation, Antiterrorism & Demining	1,010	*	270
<b>Total</b>	<b>10,259</b>	*	<b>6,750</b>
Peace Corps	3054	*	2994

**Peace and Security (\$1 million):** Active engagement of the Paraguayan government is key to strengthening Paraguay's capabilities to combat narcotics trafficking, money laundering, terrorism financing, trafficking in persons and intellectual property rights crime. U.S. assistance will



provide training for Paraguayan security forces to fight these crimes. As Paraguay is a major transit country for significant amounts of Colombian, Bolivian, and Peruvian cocaine destined for other parts of Latin America and Europe, U.S. assistance will strengthen Paraguay's interdiction efforts and conduct demand reduction activities. These efforts include support for a Department of Justice Resident Legal Advisor who will work with Paraguay to strengthen its legal framework for prosecuting terrorist financing. Furthermore, U.S. assistance will enhance enforcement capabilities to combat IPR piracy and counterfeiting, major sources of income for organized crime and terrorist groups. U.S. assistance also will strengthen Paraguay's efforts to fight trafficking in persons.

**Governing Justly and Democratically (\$2.8 million):** The highest transformational diplomacy priority for Paraguay is the consolidation of democracy. Anti-corruption is the cornerstone of this objective, with cross-cutting effects on all other activities. Anti-corruption activities will also complement reforms implemented under the Millennium Challenge Account Threshold Program by fighting impunity and corruption at the grass roots level. U.S. assistance will support increased independence, transparency, and accountability of the justice sector institutions. The criminal justice system will receive support in modernization and capacity building to reduce impunity and increase civil society oversight. U.S. assistance will also continue to focus on improving governance practices at the local level and rewarding good performers as a means to replace the discredited, corrupt practices of the past. Activities encourage merit-based promotions and foster public sector transparency, accountability, and efficiency.

**Investing in People (\$1.3 million):** U.S. assistance will be used to continue support for the successful graduation of the family planning program by 2010. Funding for family planning will ensure that mechanisms are in place for an institutionalized national program with community-level advocacy and participation, and strengthened procurement and logistics systems. The post-graduation vision is to leave Paraguay with the capability to provide quality family planning services throughout the country.

**Economic Growth (\$1.7 million):** U.S. assistance will address poverty alleviation and income generation by supporting trade-based diversification, promotion of private sector investment and exports, and capacity building in the business environment that will make it easier for Paraguay to compete internationally and create licit income generation opportunities. U.S. assistance will also be used to support the improved management of biologically sensitive areas through capacity building and legal and policy reform. This investment is essential to leaving behind the capacity to manage the country's natural resources and biodiversity in a sustainable manner when the program ends in FY 2008.

#### Request by Element

(\$ in Thousands)	2006 Actual	2007 Estimate	2008 Request
<b>TOTAL</b>	10,259	*	6,750
Peace & Security	1,010	*	950
Counter-Terrorism	280	*	270
Deny Terrorist Sponsorship, Support and Sanctuary	280	*	0
Governments' Capabilities	0	*	270
Combating Weapons of Mass Destruction (WMD)	450	*	0
Counter WMD Proliferation and Combat WMD Terrorism	450	*	0
Stabilization Operations and Security Sector Reform	0	*	200
Defense, Military, and Border Restructuring, Reform and Operations	0	*	200

(\$ in Thousands)	2006 Actual	2007 Estimate	2008 Request
Counter-Narcotics	0	*	280
Interdiction	0	*	195
Program Support (Narcotics)	0	*	85
Transnational Crime	280	*	200
Financial Crimes and Money Laundering	280	*	0
Trafficking-in-Persons and Migrant Smuggling	0	*	200
Governing Justly & Democratically	3,960	*	2,800
Rule of Law and Human Rights	1,000	*	1,150
Judicial Independence	475	*	500
Justice System	475	*	500
Program Support (Rule of Law)	50	*	150
Good Governance	1,330	*	1,650
Local Government and Decentralization	880	*	1,000
Anti-Corruption Reforms	300	*	500
Program Support (Governance)	150	*	150
Political Competition and Consensus-Building	500	*	0
Political Parties	450	*	0
Program Support (Political Competition)	50	*	0
Civil Society	1,130	*	0
Civic Participation	955	*	0
Program Support (Civil Society)	175	*	0
Investing in People	2,884	*	1,300
Health	2,884	*	1,300
Maternal and Child Health	1,102	*	0
Family Planning and Reproductive Health	1,782	*	1,300
Economic Growth	2,405	*	1,700
Trade and Investment	785	*	650
Trade and Investment Capacity	754	*	550
Program Support (Trade)	31	*	100
Private Sector Competitiveness	700	*	550
Private Sector Productivity	700	*	550
Environment	920	*	500
Natural Resources and Biodiversity	0	*	425
Clean Productive Environment	786	*	0
Program Support (Environment)	134	*	75

#### **Linkages with the Millennium Challenge Corporation (MCC)**

Paraguay is currently a Millennium Challenge Account (MCA) Threshold Program Country. The Threshold Program supports the Government of Paraguay's efforts to reduce impunity and to formalize economic activities.

#### **Statement of Changes**

Funding for Paraguay has decreased roughly \$3.5 million from FY 2006 levels. ESF-funded democracy and economic growth programs will be phased out in FY 2007, although DA funding will compensate for this, consistent with Paraguay's status as an MCC threshold program. International Military Education and Training (IMET) funding increased from zero funding to \$200,000 due to the de-linking of IMET from ASPA (American Service Members Protection Act) sanctions.

**PERU**  
Developing

**Obstacles and Opportunities for Advancing Transformational Diplomacy**

Peru continues to be one of the United States' closest regional partners in a challenging Andean landscape. U.S. priorities in Peru are, in order of priority, governing justly and democratically; advancing peace and security by combating narco-trafficking and links to terrorist organizations; reducing poverty through trade-driven economic growth; and increasing the government's investment in its people. All four are interdependent and necessary for advancing transformational diplomacy in Peru.

The Toledo Government (2001-2006) laid the macroeconomic foundations for stability and prosperity by respecting democratic processes and tying the economy to free markets and free trade. In 2006, Peru and the United States signed a free trade agreement, which will be enacted once the U.S. Congress ratifies it. Still, the economic growth over the last five years has yet to benefit all. About half of all Peruvians live on less than two dollars a day, and 19% live on one dollar a day or less. Public health systems have deteriorated over the last five years, education quality is low and three in five Peruvians are under or unemployed. The 2006 presidential elections reflected the lack of consensus on Peru's political and economic direction, the brittleness of its democratic institutions, and the anger of a large segment of the population that feels ignored by the political class and economic elite. President Alan García took office on July 28, 2006 and has been besieged by popular demands to show that all Peruvians can benefit from the country's economic success. President Garcia's immediate goal is to decrease poverty, especially in Peru's southern highlands where poverty is most acute. Supporting Peru's social and economic development and the Garcia administration's poverty reduction initiatives serves the U.S. national interest of securing a stable and prosperous Western Hemisphere.

**Resources to Help Advance Transformational Diplomacy**

**Request by Objective**

(\$ in thousands)	2006 Actual	2007 Estimate	2008 Request
Peace & Security	107,125	*	67,641
Governing Justly & Democratically	2,701	*	3,050
Investing in People	16,663	*	14,450
Economic Growth	6,983	*	5,224
Humanitarian Assistance	8,250	*	0
<b>Total</b>	<b>141,722</b>	<b>*</b>	<b>90,365</b>

**Request by Account**

(\$ in thousands)	2006 Actual	2007 Estimate	2008 Request
Andean Counterdrug Initiative	106,920	*	36,844
Child Survival and Health	14,213	*	12,000
Development Assistance	9,369	*	11,224
Economic Support Fund	2,765	*	30,000
International Military Education & Training	0	*	187
Nonproliferation, Antiterrorism & Demining	205	*	110
Public Law 480 (Food Aid)	8,250	*	0
<b>Total</b>	<b>141,722</b>	<b>*</b>	<b>90,365</b>
Peace Corps	2618	*	2833

**Peace and Security (\$67.6 million):** U.S. assistance will strengthen governance in isolated areas where drug traffickers and terrorists operate. Aggressive eradication, interdiction, and chemical control will be used to reduce drug production. Alternative development programs will reduce dependence on illicit coca cultivation. U.S. assistance will be used to publicize the links between drug production and common crime so that Peruvians understand that their quality of life is degraded by drug-trafficking. Funds will also help the Government of Peru (GOP) improve its counter-terrorism efforts.

**Governing Justly and Democratically (\$ 3.1 million):** U.S. assistance will help regional governments become more effective and transparent, reinforce the capacity of political parties to be more representative and accountable, foster institutional resistance to corruption, and enhance confidence in democratic institutions. Investments in the Peace and Security and Economic Growth objectives will further these efforts by preventing the encroachment of drug money into Peru's fragile democratic institutions and addressing the frustrations of the marginalized poor with their exclusion from recent economic growth.

**Investing in People (\$14.5 million):** With maternal mortality still alarmingly high, particularly in Peru's rural south, U.S. assistance will be used to improve obstetrical care and services. Family planning efforts will focus on improving the quality of reproductive health services and strengthening commodity logistic systems in the public and private sectors. U.S. assistance will also address problems related to tuberculosis and other public health threats and will help improve the quality of education services for the poor. Funds will be used to strengthen the GOP's HIV surveillance and implement the antiretroviral treatment program.

Linkages with the President's Emergency Plan for AIDS Relief (PEPFAR): Peru will receive significant support for bilateral HIV/AIDS programs in FY 2008, with programmatic emphasis on a range of interventions related to care, treatment, and prevention.

**Economic Growth (\$5.2 million):** U.S. assistance will support the government and the private sector in extending the benefits of free trade to Peru's poorest by linking local producers in the impoverished highlands and Amazon regions to international markets. With export growth as its top priority, the GOP is expected to make a multi-million dollar investment in this sector and has obtained substantial commitments from the World Bank and the Inter-American Development Bank, among others. U.S. assistance will promote the understanding that free trade and foreign investment will create jobs and help the economically disadvantaged; tackle bureaucratic barriers to economic development; and reduce the time and costs of starting a new business. U.S. assistance will also help Peru promote sustainable forest management, reduce illegal logging, and comply with the environmental provision of Trade Promotion Agreement. All of these programs will continue to drive a large segment of the Peruvians away from illegal drug trafficking and toward more productive, enduring and legal economic activities.

## Request by Element

(\$ in Thousands)	2006 Actual	2007 Estimate	2008 Request
<b>TOTAL</b>	141,722	*	90,365
Peace & Security	107,125	*	67,641
Counter-Terrorism	0	*	110
Governments' Capabilities	0	*	110
Stabilization Operations and Security Sector Reform	205	*	187
Defense, Military, and Border Restructuring, Reform and Operations	205	*	187
Counter-Narcotics	106,470	*	66,844
Eradication	28,700	*	14,199
Alternative Development and Alternative Livelihoods	46,582	*	27,907
Interdiction	23,760	*	18,845
Drug Demand Reduction	1,500	*	0
Program Support (Narcotics)	5,928	*	5,893
Transnational Crime	450	*	500
Financial Crimes and Money Laundering	450	*	0
Trafficking-in-Persons and Migrant Smuggling	0	*	500
Governing Justly & Democratically	2,701	*	3,050
Good Governance	2,111	*	2,150
Local Government and Decentralization	1,556	*	1,927
Anti-Corruption Reforms	205	*	0
Program Support (Governance)	350	*	223
Political Competition and Consensus-Building	590	*	900
Political Parties	534	*	700
Program Support (Political Competition)	56	*	200
Investing in People	16,663	*	14,450
Health	14,213	*	12,000
HIV/AIDS	1,584	*	1,200
Tuberculosis	600	*	600
Other Public Health Threats	545	*	545
Maternal and Child Health	4,653	*	4,200
Family Planning and Reproductive Health	6,831	*	5,455
Education	2,450	*	2,450
Basic Education	2,450	*	2,450
Economic Growth	6,983	*	5,224
Trade and Investment	1,520	*	4,024
Trade and Investment Capacity	1,304	*	3,824
Program Support (Trade)	216	*	200
Financial Sector	1,138	*	0
Financial Services	938	*	0
Program Support (Financial Sector)	200	*	0
Private Sector Competitiveness	1,285	*	0
Private Sector Productivity	1,223	*	0
Program Support (Private Sector)	62	*	0
Environment	3,040	*	1,200
Natural Resources and Biodiversity	2,699	*	837
Program Support (Environment)	341	*	363

(\$ in Thousands)	2006 Actual	2007 Estimate	2008 Request
Humanitarian Assistance	8,250	*	0
Protection, Assistance and Solutions	8,250	*	0
Crisis Assistance and Recovery	8,107	*	0
Program Support (Protection)	143	*	0

#### **Linkages with the Millennium Challenge Corporation (MCC)**

In November 2006, the Millennium Challenge Corporation (MCC) selected Peru to participate in the Millennium Challenge Account (MCA) Threshold Program. The MCC has requested the GOP to submit a concept paper by February 15, 2007, outlining the policy areas on which the government would focus such a program. Based on an analysis of Peru's performance under the MCA indicators, the program will likely concentrate on combating corruption, strengthening government effectiveness, rule of law, improving immunization coverage, and/or natural resources management. If MCC funding is provided to Peru, it will be closely coordinated with other U.S. assistance programs.

#### **Statement of Changes**

Funding for Peru has decreased \$51.3 million from FY 2006 levels. Alternative development programs previously financed with ACI funds were shifted to the ESF account. Democracy and Governance and Economic Growth programs that were financed with ESF will not be continued due to reduced ESF funding for the region. These programs were financed with ESF will now utilize DA funds to continue efforts to eliminate policy constraints to free trade while promoting anti-corruption activities. CSH cuts were generally offset by increases in DA. Counternarcotics funding was limited due to priorities in Colombia. Elimination of P.L. 480 (food aid) also contributed to the overall decrease. IMET funding increased from zero funding to nearly \$200,000 due to the de-linking of IMET from ASPA (American Service Members Protection Act) sanctions.

**SURINAME**  
Developing

**Obstacles and Opportunities for Advancing Transformational Diplomacy**

Suriname's porous borders make it an attractive transit point for smuggling of all kinds, particularly the guns-for-drugs trade managed by the Revolutionary Armed Forces of Colombia. Illicit trade and weak governance make Suriname a natural target for money launderers. Suriname has made great strides in its efforts since 1992 to transform itself from a military regime to a fully functioning democracy with effective rule of law, but significant problems remain. The United States will focus its assistance on border security, counter-narcotics, and transnational crime.

**Resources to Help Advance Transformational Diplomacy**

**Request by Objective**

(\$ in thousands)	2006 Actual	2007 Estimate	2008 Request
Peace & Security	395	*	345
<b>Total</b>	<b>395</b>	<b>*</b>	<b>345</b>

**Request by Account**

(\$ in thousands)	2006 Actual	2007 Estimate	2008 Request
Development Assistance	0	*	200
Foreign Military Financing	99	*	0
International Military Education & Training	196	*	145
Nonproliferation, Antiterrorism & Demining	100	*	0
<b>Total</b>	<b>395</b>	<b>*</b>	<b>345</b>
Peace Corps	1488	*	1629

**Peace and Security (\$0.3 million):** U.S. assistance will help Suriname to develop its security forces to maintain the country's territorial integrity, secure remote areas, protect its borders, and interdict illicit drugs being trafficked through the country. This assistance will also help Suriname to control trafficking in persons and smuggling.

**Request by Element**

(\$ in Thousands)	2006 Actual	2007 Estimate	2008 Request
<b>TOTAL</b>	<b>395</b>	<b>*</b>	<b>345</b>
Peace & Security	395	*	345
Counter-Terrorism	100	*	0
Deny Terrorist Sponsorship, Support and Sanctuary	100	*	0
Stabilization Operations and Security Sector Reform	295	*	145
Defense, Military, and Border Restructuring, Reform and Operations	295	*	145
Transnational Crime	0	*	200
Trafficking-in-Persons and Migrant Smuggling	0	*	200

## TRINIDAD AND TOBAGO

### Sustaining Partnership

#### Obstacles and Opportunities for Advancing Transformational Diplomacy

The Government of Trinidad and Tobago (GOTT) has been unable to stem the rapid escalation in violent crime that has accelerated over the last few years, including murders, kidnappings for ransom, and at least four bombings. U.S. assistance supports GOTT efforts to protect its vital energy and tourism infrastructure, exercise effective control of its territory, and monitor transnational criminals that could establish connections with radical extremists in and outside Trinidad and Tobago. Also, increasing the nation's emergency disaster relief capabilities would allow Trinidad and Tobago to complement or even replace the U.S. as the primary actor in response to Southern Caribbean natural disasters.

#### Resources to Help Advance Transformational Diplomacy

##### Request by Objective

(\$ in thousands)	2006 Actual	2007 Estimate	2008 Request
Peace & Security	234	*	1,478
<b>Total</b>	<b>234</b>	<b>*</b>	<b>1,478</b>

##### Request by Account

(\$ in thousands)	2006 Actual	2007 Estimate	2008 Request
International Military Education & Training	0	*	88
International Narcotics Control and Law Enforcement	0	*	500
Nonproliferation, Antiterrorism & Demining	234	*	890
<b>Total</b>	<b>234</b>	<b>*</b>	<b>1,478</b>

**Peace and Security (\$1.5 million):** The U.S. can best assist Trinidad and Tobago by focusing on security sector reform, counter-narcotics and counter-terrorism. In the area of defense, military and border security restructuring, reform and operations, U.S. programs support training to assist in the professionalization of the Trinidad and Tobago military. In addition, funds provide Trinidadian law enforcement organizations with training, technical assistance, equipment and vehicles in support of their counter-narcotics crime efforts.

##### Request by Element

(\$ in Thousands)	2006 Actual	2007 Estimate	2008 Request
<b>TOTAL</b>	<b>234</b>	<b>*</b>	<b>1,478</b>
Peace & Security	234	*	1,478
Counter-Terrorism	234	*	890
Deny Terrorist Sponsorship, Support and Sanctuary	234	*	0
Governments' Capabilities	0	*	890
Stabilization Operations and Security Sector Reform	0	*	88
Defense, Military, and Border Restructuring, Reform and Operations	0	*	88
Counter-Narcotics	0	*	500
Interdiction	0	*	250
Drug Demand Reduction	0	*	250



**URUGUAY**  
Transforming

**Obstacles and Opportunities for Advancing Transformational Diplomacy**

The United States seeks to engage Uruguay's government to support important policy priorities in the region and globally. These priorities include furthering free-market economic growth; promoting regional stability; advancing peacekeeping and other military cooperation; helping Uruguay fight narcotics trafficking, international crime, and money laundering; and maintaining Uruguay's strong democratic institutions. Uruguay runs the risk of becoming a haven for money laundering and other transnational crimes due to its historic protection of banking privacy and lack of resources to support financial investigations and law enforcement. Active engagement of the Uruguayan government and training of its officials are critical to strengthening Uruguay's capabilities to combat financial crimes, narcotics trafficking, and terrorism.

**Resources to Help Advance Transformational Diplomacy**

**Request by Objective**

(\$ in thousands)	2006 Actual	2007 Estimate	2008 Request
Peace & Security	0	*	187
<b>Total</b>	<b>0</b>	<b>*</b>	<b>187</b>

**Request by Account**

(\$ in thousands)	2006 Actual	2007 Estimate	2008 Request
International Military Education & Training	0	*	187
<b>Total</b>	<b>0</b>	<b>*</b>	<b>187</b>

**Peace and Security (\$0.2 million):** Uruguay is committed to peacekeeping operations worldwide, but its forces need additional resources and training in order to achieve full interoperability. In addition, narcotraffickers increasingly attempt to exploit Uruguay's economic difficulties, strategic location, and long porous borders to their own advantage. The U.S. must thwart these efforts as a key component of regional interdiction efforts. U.S. assistance will be used to provide training for Uruguayan security forces. This training will increase Uruguayan forces' interoperability with U.S. forces and ensure Uruguay's continued participation in regional operations such as the United Nations peacekeeping mission in Haiti, where they currently have over 1,100 troops.

**Request by Element**

(\$ in Thousands)	2006 Actual	2007 Estimate	2008 Request
<b>TOTAL</b>	<b>0</b>	<b>*</b>	<b>187</b>
Peace & Security	0	*	187
Stabilization Operations and Security Sector Reform	0	*	187
Defense, Military, and Border Restructuring, Reform and Operations	0	*	187

**Statement of Changes**

IMET funding for Uruguay has increased from FY 2006 levels reflecting the FY 2006 Presidential waiver of ASPA sanctions.

## VENEZUELA

### Obstacles and Opportunities for Advancing Transformational Diplomacy

Venezuela presents a serious challenge to the advancement of development and democracy in the Hemisphere. Venezuela's at-risk democratic organizations have been identified as a top U.S. foreign policy priority. The U.S. is a vital source of funding for these groups. In December 2006, President Chávez was re-elected by a wide margin. International observers considered the election relatively free and fair despite irregularities and government-sponsored voter intimidation. President Chávez is now seeking extraordinary powers to accelerate implementation of his second term agenda - "deepening the revolution" and establishing a socialist state. These plans include reforming the constitution to allow for indefinite re-election and redefining economic and social rights. The Government of Venezuela (GOV) has already consolidated all power in the executive. Civil rights and liberties are under attack - notably, freedom of expression and association - as the GOV continues to move to silence critics and restrict space for independent institutions and civil society. Venezuela increasingly serves as a transit country for the movement of drugs and people. While formal counter-narcotics cooperation has deteriorated, informal cooperation continues and it is critical that criminal intelligence flows are maintained to pursue an interdiction program in cooperation with countries in Europe, the Caribbean and Central America.

### Resources to Help Advance Transformational Diplomacy

#### Request by Objective

(\$ in thousands)	2006 Actual	2007 Estimate	2008 Request
Peace & Security	2,229	*	50
Governing Justly & Democratically	3,681	*	3,000
<b>Total</b>	<b>5,910</b>	*	<b>3,050</b>

#### Request by Account

(\$ in thousands)	2006 Actual	2007 Estimate	2008 Request
Andean Counterdrug Initiative	2,229	*	0
Development Assistance	0	*	3,000
International Military Education & Training	0	*	50
Transition Initiatives	3,681	*	0
<b>Total</b>	<b>5,910</b>	*	<b>3,050</b>

**Peace and Security (\$0.5 million):** There is an explosion of drugs transiting through Venezuela destined for U.S. and European markets. All indicators suggest the trend likely will continue. U.S. assistance will be used to interrupt drug trafficking and stymie transnational criminal networks.

**Governing Justly and Democratically (\$3.0 million):** As power becomes increasingly concentrated in the executive branch, U.S. funding will help ensure civil society groups continue serving as one of the last checks on an increasingly authoritarian Venezuelan government. Working at the local level is key to identifying and supporting emerging democratic leaders and to generating citizen awareness about their right to demand democratic and accountable government. The collapse of Venezuela's traditional party system in the 1990s has contributed to the present authoritarian trend. The transformation of the political party system is essential to

restore democratic processes in Venezuela. The politicization of the electoral authorities has increased citizen distrust in the electoral system's fairness. As the GOV pursues constitutional reform, modification of laws for re-electing a president, and the redrawing of state and local geopolitical boundaries, it is critical that electoral processes be grounded in respect for fundamental civil and political rights.

### Request by Element

(\$ in Thousands)	2006	2007	2008
	Actual	Estimate	Request
<b>TOTAL</b>	5,910	*	3,050
Peace & Security	2,229	*	50
Counter-Narcotics	2,229	*	50
Interdiction	2,229	*	50
Governing Justly & Democratically	3,681	*	3,000
Civil Society	3,681	*	3,000
Civic Participation	3,057	*	2,500
Program Support (Civil Society)	624	*	500

### Statement of Changes

Funding for Venezuela has been decreased from FY 2006 levels reflecting a shift from counternarcotics assistance to critical democracy programs.

**CARIBBEAN REGIONAL**  
Regional

**Obstacles and Opportunities for Advancing Transformational Diplomacy**

The Bureau for Latin America and the Caribbean's Caribbean Regional Program supports economic growth, good governance, and peace and security by building the capacity of the private sector and local institutions to generate economic growth and to address HIV/AIDS.

The seven countries of the Eastern Caribbean - Antigua and Barbuda, Barbados, Dominica, Grenada, St. Kitts and Nevis, St. Lucia St. Vincent and the Grenadines - have long-standing ties to the U.S. and form a powerful bloc in international fora, particularly the OAS. There are wide disparities in GDP per capita among these seven nations. Barbados leads, while the micro-states of Grenada, St. Vincent and the Grenadines and St. Lucia fall further behind. The Eastern Caribbean nations form a large part of our Third Border. Despite strong democratic traditions, they are vulnerable to corruption and transnational crime due to their small size, limited resources and tempting location for transit of illicit goods entering the U.S. and Europe. Additionally, they are economically vulnerable to hurricanes and other natural disasters.

**Resources to Help Advance Transformational Diplomacy**

**Request by Objective**

(\$ in thousands)	2006 Actual	2007 Estimate	2008 Request
Investing in People	6,435	*	5,000
Economic Growth	4,891	*	4,310
<b>Total</b>	<b>11,326</b>	*	<b>9,310</b>

**Request by Account**

(\$ in thousands)	2006 Actual	2007 Estimate	2008 Request
Child Survival and Health	6,435	*	5,000
Development Assistance	4,891	*	4,310
<b>Total</b>	<b>11,326</b>	*	<b>9,310</b>

**Investing in People (\$5.0 million):** HIV/AIDS is the leading cause of death in adults aged 15-44 in the Caribbean. The Eastern Caribbean nations lack the resources to adequately combat the disease. U.S. assistance through the President's Emergency Plan for AIDS Relief (PEPFAR) will support national and regional efforts to address HIV/AIDS issues through critical interventions with key regional and national institutions.

**Economic Growth (\$4.3 million):** The Eastern Caribbean nations are economically vulnerable as they attempt to transition away from dependence on traditional, uncompetitive agriculture and heavy reliance on tourism. They are impacted by natural disasters and other external global shocks and therefore require specific forms of assistance to make them more resilient economically. U.S. assistance will focus primarily on creating successful economic models at the country level in the Eastern Caribbean which can be replicated in other countries. This initiative will be supported with limited assistance to strengthen the region's ability to negotiate in international trade as well as to support the drafting of legislation required under the CARICOM Single Market and Economy.

U.S. assistance will continue to support efforts to develop a more competitive business environment in the region and increase the responsiveness of firms to regional and global market demands. Support will be provided to the private sector to make certain that it has available and uses improved economic and trade data to make informed business and investment decisions. Assistance will be extended to at least two additional Eastern Caribbean countries.

Continued support will allow the region to participate more effectively in global trade through targeted assistance in trade negotiations in the services sector. There will also be support for greater private sector participation into the process. The program will provide assistance at a reduced level for drafting legislation that supports regional integration and global trade.

### Request by Element

(\$ in Thousands)	2006 Actual	2007 Estimate	2008 Request
<b>TOTAL</b>	11,326	*	9,310
Investing in People	6,435	*	5,000
Health	6,435	*	5,000
HIV/AIDS	5,940	*	5,000
Tuberculosis	495	*	0
Economic Growth	4,891	*	4,310
Trade and Investment	230	*	2,500
Trade and Investment Enabling Environment	230	*	1,851
Program Support (Trade)	0	*	649
Private Sector Competitiveness	2,740	*	1,810
Business Enabling Environment	2,109	*	0
Private Sector Productivity	0	*	1,438
Program Support (Private Sector)	631	*	372
Environment	1,921	*	0
Natural Resources and Biodiversity	1,921	*	0

**CENTRAL AMERICA REGIONAL**  
Regional

**Obstacles and Opportunities for Advancing Transformational Diplomacy**

The foreign policy priorities in the sub-region are economic growth, governing justly and democratically, and investing in people. The Central America Regional program supports these objectives by working through regional institutions to improve the enabling environment for trade and to protect two critical cross-border watersheds. The program will help signatory countries meet a series of deadlines and obligations established by the Central America and Dominican Republic Free Trade Agreement (CAFTA-DR). The program also focuses on the transnational issues of HIV/AIDS prevention through targeted behavior change.

CAFTA-DR supports the creation of open, diversified and expanding economies. This regional program is an important vehicle for meeting U.S. Government commitments to CAFTA-DR signatories in such critical areas as customs reform, the enforcement of environmental laws, and meeting international labor standards, including key international conventions. The program also addresses two significant cross-border issues, the spread of HIV/AIDS, and improving environmental standards across countries. Activities in the health sector address the need for prevention plans and approaches and consistent behavior change and information campaigns for the highly mobile Central American and Mexican populations. Activities under the environment component address improvements in transboundary enforcement of environmental regulations with a special focus on the improvement and effective enforcement of existing environmental laws as required by CAFTA-DR.

**Resources to Help Advance Transformational Diplomacy**

**Request by Objective**

(\$ in thousands)	2006 Actual	2007 Estimate	2008 Request
Governing Justly & Democratically	2,000	*	1,650
Investing in People	6,167	*	4,000
Economic Growth	8,665	*	5,050
<b>Total</b>	<b>16,832</b>	*	<b>10,700</b>

**Request by Account**

(\$ in thousands)	2006 Actual	2007 Estimate	2008 Request
Child Survival and Health	6,167	*	4,000
Development Assistance	10,665	*	6,700
<b>Total</b>	<b>16,832</b>	*	<b>10,700</b>

**Governing Justly and Democratically (\$1.7 million):** Funds will assist signatory countries in enforcing labor laws and ensuring that labor standards are consistent with internationally recognized labor rights.

**Investing in People (\$4.0 million):** Regional activities through the President's Emergency Plan for AIDS Relief (PEPFAR) will help fight HIV/AIDS in Guatemala, El Salvador, Nicaragua, Panama, Belize, and Costa Rica. The latter three receive HIV/AIDS prevention assistance solely through the regional program. Efforts to contain the epidemic in the region focus on activities to

increase HIV/AIDS prevention practices and services directed mainly at those most at-risk, improve the HIV/AIDS policy environment and improve the delivery of comprehensive care and treatment for people living with HIV/AIDS.

**Economic Growth (\$5.1 million):** Regional activities will support CAFTA-DR implementation. In particular, the program will help governments in the region harmonize and streamline customs procedures to simplify trade. The program also will support multilateral efforts of Central American countries to protect priority transboundary watersheds and invest in environmental conservation.

### Request by Element

(\$ in Thousands)	2006 Actual	2007 Estimate	2008 Request
<b>TOTAL</b>	16,832	*	10,700
Governing Justly & Democratically	2,000	*	1,650
Rule of Law and Human Rights	2,000	*	1,650
Justice System	1,800	*	1,572
Program Support (Rule of Law)	200	*	78
Investing in People	6,167	*	4,000
Health	6,167	*	4,000
HIV/AIDS	5,474	*	4,000
Tuberculosis	693	*	0
Economic Growth	8,665	*	5,050
Trade and Investment	4,619	*	3,800
Trade and Investment Enabling Environment	2,000	*	3,605
Trade and Investment Capacity	2,100	*	0
Program Support (Trade)	519	*	195
Agriculture	1,135	*	0
Agricultural Enabling Environment	1,008	*	0
Program Support (Agriculture)	127	*	0
Environment	2,911	*	1,250
Natural Resources and Biodiversity	1,805	*	1,121
Clean Productive Environment	755	*	0
Program Support (Environment)	351	*	129

**LATIN AMERICA AND CARIBBEAN REGIONAL**  
Regional

**Obstacles and Opportunities for Advancing Transformational Diplomacy**

The United States seeks democratic, inclusive, prosperous, and secure nations in the Western Hemisphere. The Latin America and Caribbean Regional (LAC) program will help build and sustain democratic, well-governed states that are able to respond to the needs of their people and conduct themselves responsibly in the international system. The program supports this objective by working through regional institutions, addressing transboundary issues, and providing cost effective mechanisms for implementation.

Weak institutions, poor access to social services, widespread corruption and rising crime undermine public trust in democracy in the Western Hemisphere. High unemployment, extreme income inequality, and poverty persist, contributing to popular discontent with governments and civil strife. Investment and workforce productivity are constrained by poor quality, inefficient, and highly inequitable public education. HIV/AIDS and other infectious diseases are increasing, and overall health gains registered in many countries have yet to reach the poor, indigenous groups and rural populations. Destruction of the region's unique environmental resources jeopardize the global climate. Finally, adverse regional trends in the natural resource base present a profound threat to sustained economic prosperity and democratic stability within the hemisphere.

**Resources to Help Advance Transformational Diplomacy**

**Request by Objective**

(\$ in thousands)	2006 Actual	2007 Estimate	2008 Request
Governing Justly & Democratically	9,395	*	1,935
Investing in People	27,463	*	10,871
Economic Growth	43,197	*	25,594
<b>Total</b>	<b>80,055</b>	*	<b>38,400</b>

**Request by Account**

(\$ in thousands)	2006 Actual	2007 Estimate	2008 Request
Child Survival and Health	8,317	*	6,200
Development Assistance	71,738	*	32,200
<b>Total</b>	<b>80,055</b>	*	<b>38,400</b>

**Governing Justly and Democratically (\$1.9 million):** The program will assist Central American civil society organizations to implement gang prevention programs for at-risk youth; strengthen networking, advocacy and coalition-building skills to influence governments to develop effective anti-gang policies; and provide training, technical expertise, and information-sharing on policy drafting and reform initiatives. Supplementing bilateral programs, this initiative supports transnational networks and information sharing between practitioners working on gang prevention in various countries. A new activity will supplement bilateral initiatives on juvenile justice reform related to gang prevention and mitigation and bolster initiatives to fight corruption in the justice systems of the region. Funding will continue for democratic indicators surveys, a tool for measuring country performance and risk factors for political stability and



citizen satisfaction with government. These surveys will provide comparable data for 17 countries to document democracy trends in the region and guide programming decisions. Funds will also be used to support electoral oversight throughout the region.

**Investing in People (\$10.9 million):** The LAC Regional program will focus on improving the quality of health and education in the Western Hemisphere. Investments in health aim to not only to save lives and reduce suffering but also to increase productivity and public confidence, thereby mitigating civil unrest. The health program will support the Pan American Health Organization, a leading regional institution, to ensure regional health policies and standards address U.S. Government priorities, such as health governance and more equitable access to health care. Funds will be used to build alliances and facilitate the exchange of best practices between Latin American and Caribbean countries to increase health investments and improve health infrastructure in the region. The program will also provide technical advice, analyses of regional trends and innovations, and the collection of health data to monitor trends in countries of strategic interest, particularly where USAID no longer has a health program. Regional activities include support for countries where key health benchmarks have been met and donor support in health is phasing out (e.g., family planning graduation). Finally, LAC will also support a South America regional effort to reduce the spread of regional infectious diseases, e.g., tuberculosis, HIV/AIDS, malaria and avian flu.

The education program will disseminate best practices, enhance understanding of education reform, and present models that countries can expand with their own resources. Children's literacy will be improved by strengthening teachers' effectiveness through the regional Centers of Excellence for Teacher Training, which targets disadvantaged and marginalized populations. Education policy reforms will also be advanced by supporting regional institutions to encourage a greater understanding of critical issues in partner governments, think tanks, civil society organizations, higher education institutions, and the private sector. The program will promote greater educational accountability, a Summit of the Americas commitment, through national education report cards, improve the use of testing and educational standards, and use regional networks to help non-governmental organizations become more effective advocates for educational reform.

**Linkages with the President's Plan for AIDS Relief (PEPFAR):** The LAC region will receive significant support for bilateral HIV/AIDS programs in FY 2008, with programmatic emphasis on a range of interventions related to care, treatment, and prevention. The LAC region will also receive PEPFAR resources for HIV/AIDS outside of the Foreign Operations appropriations.

**Economic Growth (\$25.6 million):** Together with the Central America Regional program, the program will address labor and environment concerns under the Central America-Dominican Republic Free Trade Agreement. Funds will be used to address regional microeconomic issues in partnership with regional institutions, including: (1) the Inter-American Development Bank to build trade capacity to support free trade agreements; and, (2) the World Bank to improve the environment in countries for "doing business" (e.g., assistance to advance reforms in such areas as quality and/or certification standards, business start-up regulations and contract enforcement, and fiscal policy including taxation). The program will also work with key regional institutions to improve the competitiveness of small and medium-sized firms to benefit from trade agreements and create jobs.

To provide a lasting foundation for long-term economic growth in the region, the LAC Regional program will promote the responsible management of natural resources; support an enabling legal, policy, and institutional climate; and expand access to markets for sustainable natural

resource-based products. Activities will build the capacity of regional organizations to address critical threats to natural assets such as tropical forests, coral reefs and fisheries on which entire societies depend for jobs, food, potable water, medicines, and building materials. By empowering indigenous peoples and traditional communities to manage natural resources under their control, the program will also mitigate conflict and violence over dwindling natural resources. The program will redress transboundary threats to the Amazon Basin, the largest remaining area of contiguous tropical forest in the world, as well as strengthen environmental enforcement and compliance under free trade agreements.

### Request by Element

(\$ in Thousands)	2006 Actual	2007 Estimate	2008 Request
<b>TOTAL</b>	<b>80,055</b>	<b>*</b>	<b>38,400</b>
Governing Justly & Democratically	9,395	*	1,935
Rule of Law and Human Rights	3,985	*	0
Justice System	1,685	*	0
Human Rights	2,300	*	0
Good Governance	2,450	*	0
Local Government and Decentralization	750	*	0
Anti-Corruption Reforms	1,700	*	0
Political Competition and Consensus-Building	0	*	350
Elections and Political Processes	0	*	350
Civil Society	2,960	*	1,585
Civic Participation	2,960	*	1,585
Investing in People	27,463	*	10,871
Health	8,317	*	6,200
HIV/AIDS	659	*	500
Tuberculosis	1,616	*	600
Malaria	2,020	*	2,500
Other Public Health Threats	469	*	900
Maternal and Child Health	2,283	*	1,000
Family Planning and Reproductive Health	1,270	*	700
Education	19,146	*	4,671
Basic Education	12,389	*	4,671
Higher Education	6,757	*	0
Economic Growth	43,197	*	25,594
Trade and Investment	18,523	*	20,162
Trade and Investment Enabling Environment	0	*	932
Trade and Investment Capacity	18,523	*	18,700
Program Support (Trade)	0	*	530
Infrastructure	1,805	*	0
Modern Energy Services	1,805	*	0
Agriculture	618	*	0
Agricultural Enabling Environment	618	*	0
Economic Opportunity	1,050	*	0
Inclusive Economic Law and Property Rights	650	*	0
Program Support (Econ Opportunity)	400	*	0
Environment	21,201	*	5,432
Natural Resources and Biodiversity	18,746	*	3,970
Program Support (Environment)	2,455	*	1,462

**SOUTH AMERICA REGIONAL**  
Regional

**Obstacles and Opportunities for Advancing Transformational Diplomacy**

A priority foreign policy objective in the Andean region is economic growth to reduce and alleviate poverty. High unemployment, extreme income inequality, and poverty persist, contributing to popular discontent with governments and civil strife. Investment and workforce productivity are constrained by poor quality, inefficient, and highly inequitable public education. To address these diverse challenges, countries in the Andean region must continue to strengthen their institutional foundation and capacity for trade-led economic growth in order to provide more economic and employment opportunities for the poor and reduce poverty.

**Resources to Help Advance Transformational Diplomacy**

**Request by Objective**

(\$ in thousands)	2006 Actual	2007 Estimate	2008 Request
Economic Growth	1,485	*	1,500
<b>Total</b>	<b>1,485</b>	<b>*</b>	<b>1,500</b>

**Request by Account**

(\$ in thousands)	2006 Actual	2007 Estimate	2008 Request
Development Assistance	1,485	*	1,500
<b>Total</b>	<b>1,485</b>	<b>*</b>	<b>1,500</b>

**Economic Growth (\$1.5 million):** Funds will be used to foster the development of free trade by strengthening the licit environment for trade and investment, in order to provide the region's countries with increased access to U.S. markets. This complements the U.S. Government effort to promote economic alternatives to the region's illicit production and marketing of drug crops, while reinforcing the commitment of the region's countries to build stable and prosperous democracies. The South American Regional program complements the Trade Promotion Agreements that have been signed with Peru and Colombia.

The program addresses challenges that these countries face which prevent them from taking full advantage of market access provisions under the Andean Trade Promotion and Drug Eradication Act and bilateral free trade agreements with the United States. Funds will be used to improve the ability of the Andean private and public sectors to establish and enforce policies which develop a more competitive business environment in the region and improve the response of firms to regional and global market demands.

**Request by Element**

(\$ in Thousands)	2006 Actual	2007 Estimate	2008 Request
<b>TOTAL</b>	<b>1,485</b>	<b>*</b>	<b>1,500</b>
Economic Growth	1,485	*	1,500
Trade and Investment	1,485	*	1,500
Trade and Investment Enabling Environment	1,028	*	670
Trade and Investment Capacity	340	*	670
Program Support (Trade)	117	*	160

**WESTERN HEMISPHERE REGIONAL**  
Regional

**Obstacles and Opportunities for Advancing Transformational Diplomacy**

The Western Hemisphere strategy is based on four pillars: helping our regional partners strengthen democratic institutions, promote prosperity, bolster security, and invest in people. These correspond with the Secretary's new Strategic Framework for foreign assistance and serve as a counterpoint to the radical populist agendas promoted by some other governments in the Hemisphere. Our goal is to help the region's elected leaders make good on the promise that democracy and the free market will transform their peoples' lives for the better and deliver on the benefits. We will help the next generation of democratic leaders meet the challenge of implementing the matching precept from Article 11 of the Inter-American Democratic Charter: "Democracy and social and economic development are interdependent and are mutually reinforcing." WHA uses this regional fund to advance multilaterally our foreign policy priorities in the Hemisphere. It consists of three programs, the Summit of the Americas implementation fund, the CAFTA-DR trade capacity building program (TCB), and the Third Border Initiative (TBI).

**Resources to Help Advance Transformational Diplomacy**

**Request by Objective**

(\$ in thousands)	2006 Actual	2007 Estimate	2008 Request
Peace & Security	8,565	*	1,750
Governing Justly & Democratically	14,682	*	3,440
Investing in People	125	*	340
Economic Growth	9,283	*	21,530
Humanitarian Assistance	300	*	1,090
<b>Total</b>	<b>32,955</b>	*	<b>28,150</b>

**Request by Account**

(\$ in thousands)	2006 Actual	2007 Estimate	2008 Request
Economic Support Fund	26,070	*	28,150
Foreign Military Financing	3,960	*	0
International Narcotics Control and Law Enforcement	2,475	*	0
Nonproliferation, Antiterrorism & Demining	450	*	0
<b>Total</b>	<b>32,955</b>	*	<b>28,150</b>

**Peace and Security (\$1.8 million):** The Caribbean nations, the often overlooked U.S. "third border," are important partners in trade, health and education issues, and regional democracy. Illegal drug trafficking, migrant smuggling, and financial crime, however, threaten both U.S. and regional security interests. Funding for this objective in the region will support the Third Border Initiative (TBI), a targeted package of programs launched in 2001, designed to enhance diplomatic, economic, health, education, disaster preparedness, and law enforcement cooperation and collaboration.

**Governing Justly & Democratically (\$3.4 million):** Funds in the objective will support the Summit of the Americas (Summit), a forum and process that advances U.S. interests by incorporating our priorities into a common vision and set of commitments for the Western Hemisphere. The Summits engage the democratic heads of government as partners in a positive, forward-leaning effort to encourage sound policies at home and to expand regional cooperation. Follow-up mechanisms ensure that declarations actually advance democracy, security, prosperity, and investing in people. Regional funds will be used to strengthen the shared commitment to the Inter-American Democratic Charter. Implementation of the Charter will include strengthening the rule of law, democratic institutions, and the separation of powers, including judicial independence, and a pluralistic political system. Funds will also work to protect freedom of expression, which is critical in linking democracy and development, and ensuring civic participation, particularly for marginalized groups.

**Investing in People (\$0.3 million):** Regional funds under this objective will help advance Summit objectives of improving access to and the quality of education in the region by improving the financing of education. Funds will help advance Summit health objectives that include preventing and fighting emerging and reemerging diseases and pandemics, through improved education, infrastructure, institutional capacity, technical assistance, materials, and regional cooperation.

**Economic Growth (\$21.5 million):** Funds under this objective will support trade capacity building and the Summit. Prior to congressional ratification in 2005 of the Central America-Dominican Republic Free Trade Agreement (CAFTA-DR), the Administration made a commitment to the U.S. Congress to build and strengthen the labor and environmental capacity of the participating countries--Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua, and the Dominican Republic--through FY 2009. Regionally, the U.S. is promoting public participation and transparency in enforcement of environmental laws by creating a Secretariat to be housed in the Secretariat for Central American Economic Integration (SIECA) in Guatemala. This Secretariat will receive and respond to public complaints that any DR-CAFTA country is failing to enforce its environmental laws adequately and effectively.

Regional coordination through the Summit process ensures the peer accountability, political buy-in, and resources needed to meet and reinforce bilateral goals in such areas as infrastructure, competitiveness, job creation, modern energy services, trade and investment, and economic opportunity, particularly for marginalized groups. The U.S. government, working with the private sector, will also be prepared to highlight a positive trade and investment agenda, particularly with the Caribbean, at the Fifth Summit in Trinidad and Tobago. We will also work to improve economic opportunity and create jobs, particularly for marginalized groups, to deliver the benefits of democracy to all citizens, and improve faith in the market economy.

**Humanitarian Assistance (\$1.1 million):** Funds under this objective will support the TBI and the Summit. TBI activities help Caribbean governments plan and prepare for natural disasters by making technical improvements to the region's early warning disaster and communication systems and helping to ensure that disaster risk reduction and mitigation concepts are explicitly integrated into the region's economic planning.

Funds will be used to fulfill Summit objectives for reducing the impact of and improving the response to natural disasters through regional cooperation with partner countries, the private sector and multilateral institutions, technical assistance, and improved capabilities.

## Request by Element

(\$ in Thousands)	2006 Actual	2007 Estimate	2008 Request
<b>TOTAL</b>	32,955	*	28,150
Peace & Security	8,565	*	1,750
Counter-Terrorism	1,045	*	0
Governments' Capabilities	1,045	*	0
Combating Weapons of Mass Destruction (WMD)	450	*	0
Counter WMD Proliferation and Combat WMD Terrorism	450	*	0
Stabilization Operations and Security Sector Reform	4,595	*	1,750
Defense, Military, and Border Restructuring, Reform and Operations	4,595	*	1,750
Counter-Narcotics	2,475	*	0
Interdiction	2,475	*	0
Governing Justly & Democratically	14,682	*	3,440
Rule of Law and Human Rights	9,225	*	510
Constitutions, Laws, and Legal Systems	7,314	*	0
Justice System	600	*	510
Human Rights	1,311	*	0
Good Governance	3,897	*	2,250
Public Sector Executive Function	3,870	*	750
Anti-Corruption Reforms	27	*	1,500
Political Competition and Consensus-Building	1,560	*	0
Consensus-Building Processes	1,560	*	0
Civil Society	0	*	680
Civic Participation	0	*	680
Investing in People	125	*	340
Education	0	*	340
Basic Education	0	*	340
Social and Economic Services and Protection for Vulnerable Populations	125	*	0
Policies, Regulations, and Systems	125	*	0
Economic Growth	9,283	*	21,530
Trade and Investment	0	*	20,340
Trade and Investment Enabling Environment	0	*	20,340
Infrastructure	2,673	*	680
Modern Energy Services	891	*	680
Communications Services	891	*	0
Transport Services	891	*	0
Agriculture	290	*	0
Agricultural Enabling Environment	290	*	0
Private Sector Competitiveness	1,190	*	0
Business Enabling Environment	990	*	0
Private Sector Productivity	200	*	0
Economic Opportunity	3,000	*	510
Inclusive Financial Markets	0	*	170
Strengthen Microenterprise Productivity	0	*	170
Inclusive Economic Law and Property Rights	3,000	*	170
Environment	2,130	*	0
Natural Resources and Biodiversity	930	*	0
Clean Productive Environment	1,200	*	0

(\$ in Thousands)	2006 Actual	2007 Estimate	2008 Request
Humanitarian Assistance	300	*	1,090
Disaster Readiness	0	*	1,090
Capacity Building, Preparedness, and Planning	0	*	1,090
3 Migration Management	300	*	0
Institutional Support and Capacity-building	300	*	0

### III. SUPPORTING INFORMATION

Arms Control and Nonproliferation Considerations

Estimating Foreign Military Sales

Foreign Military Sales Administrative Costs

Overseas Military Program Management

Grants of Excess Defense Articles

Leased Defense Articles

Stockpiling of Defense Articles for Foreign Countries

Countries and International Organizations Eligible for Purchasing Defense Articles and Services

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Security Assistance Funding

P.L. 480 Title II Food Aid

All Spigots Tables

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## **Arms Control and Nonproliferation Considerations**

Arms transfers continue to be an indispensable U.S. policy instrument for advancing international security and stability in the post-Cold War era and for promoting the aims of the Global War on Terrorism. Judiciously used, arms transfers can deter aggression, foster internal and regional stability, strengthen and revitalize mutual security relationships, and demonstrate support for the security of friends and allies. With the new challenges posed by the rise of global terrorism and the spread of weapons of mass destruction, our military assistance programs play a critical role in bolstering the security capabilities of the United States and its allies.

The U.S. military assistance program complements the U.S. foreign policy goal of promoting international security through negotiation and support for bilateral, regional and multilateral agreements and arrangements, and assuring compliance with existing arms control agreements. It also enhances the U.S. ability to limit the proliferation of weapons of mass destruction, especially in regions of conflict, by giving countries conventional means for ensuring their security. As the President's arms transfer policy states, the United States will actively seek greater transparency and responsibility in the area of arms transfers to regions of instability.

There are other new and creative forms of security assistance in the NADR account that complement our arms control and nonproliferation goals and contribute to regional and global stability. The program to destroy small arms and reduce international stockpiles helps control the proliferation of relatively cheap, accessible weapons that exacerbate regional and civil conflicts. The worldwide Nonproliferation and Disarmament Fund and export control cooperation programs promote bilateral and multilateral efforts to control the spread of missiles, nuclear, chemical and biological weapons, and destabilizing arms transfers.

Carefully structured security assistance programs support U.S. conventional arms transfer policy goals, particularly to preserve regional balances and help allies deter and defend against aggression, and the U.S. nonproliferation objectives of curbing the spread of weapons of mass destruction and their delivery systems.

The U.S. arms transfer policy requires a careful, case-by-case evaluation of each request for arms. Each transfer is specifically reviewed for its contribution to U.S. security interests and arms control and nonproliferation objectives. Such a review considers, inter alia:

- Whether a proposed transfer is consistent with U.S. interests in maintaining or enhancing stability within the region;
- Whether the proposed transfer can be absorbed without overburdening the recipient's military support system or financial resources;
- The impact of the proposed transfer on our arms control and nonproliferation goals; and
- Whether possible adverse effects of the transfer are offset by positive contributions to U.S. regional security interests and objectives.

Whenever appropriate, these issues are referred to senior Administration officials, beginning with those in the Department of State, to ensure that decisions on arms transfers complement and support U.S. national security policies.

## Estimating Foreign Military Sales

Foreign Military Sales (FMS) policies derive from U.S. statutes, Presidential directives, and policies of the Departments of State and Defense. The U.S. offers to sell defense articles and services (including training) under FMS procedures only in response to specific requests from authorized representatives from foreign governments or eligible international organizations.

The following table is in two parts. The first part shows the total dollar value by country of government-to-government FMS Letters of Offer and Acceptance (LOAs) signed in FY 2006, regardless of when the articles and services were or will be delivered.

The second part shows the estimated dollar values projected for FY 2007 and FY 2008. These estimates were derived through:

- a. An analysis of each country's historical FMS sales record (past 10 years).
- b. Development of an adjusted mean plus or minus one standard deviation -based range of likely sales for each country.
- c. In-depth, multi-tiered evaluation of each item contained on individual country lists of potential sales (based on inputs by the Security Assistance Offices and reviewed by DSCA Regional Directorates). Each entry is evaluated for:
  - (i) Likelihood of sale, in and of itself, to be made in the year listed.
  - (ii) Likelihood that the sale will go FMS and not Direct Commercial Sales (DCS).
  - (iii) Release considerations, if any, associated with the item and likelihood for approval and a FMS sale after completion of the accompanying thorough, and often lengthy, U.S. Government review process.
  - (iv) A judgment of how essential the listed military equipment of defense service is to the country's defense needs.
  - (v) Whether the country's foreign procurement budget, as a whole, is adequate to fund the listed item in its entirety or possibly, at a lesser amount of quantity and dollars.
  - (vi) Whether the funding required to make the purchase will in fact be approved by the purchasing country's budget process.
- d. Consideration of potential economic and political/military factors over the time frame concerned.

Each phase of the FMS LOA request / offer / acceptance process has many variables that make it difficult to determine exactly when--or even if --a particular sale may occur. Variance of one day in a purchasing country's acceptance of a single significant sales agreement could shift the recording of the transaction from one fiscal year to the next.

**Foreign Military Sales & Construction Sales Agreements**  
(\$ in thousands)

	FY 2006 ACTUAL		TOTAL	ESTIMATED	
	DEFENSE ART/SERV	CONSTR/DESIGN		FY 2007	FY 2008
<b>Africa:</b>					
African Union	0	0	0	0	0
Angola	0	0	0	0	0
Botswana	866	0	866	0	0
Cameroon	0	0	0	0	0
Cape Verde	0	0	0	0	0
Chad	1.816	0	1.816	0	0
Congo (Kinshasa)	1.255	0	1.255	0	0
Diibouti	171	6.829	7.000	4.000	4.000
Eritrea	240	0	240	0	0
Ethiopia	8.852	0	8.852	2.000	2.000
Gabon	0	0	0	0	0
Gambia	0	0	0	0	0
Ghana	78	0	78	400	400
Guinea	0	0	0	0	0
Kenva	1.600	0	1.600	2.525	25
Liberia	1.200	0	1.200	1.600	1.600
Madagascar	100	0	100	0	0
Malawi	150	0	150	0	0
Mozambique	0	0	0	325	0
Niger	0	0	0	0	0
Nigeria	4.201	0	4.201	800	800
Rwanda	0	0	0	0	0
Sao Tome & Principe	4	0	4	0	0
Senegal	164	0	164	2.470	2.250
Sevchelles	300	0	300	0	0
Sierra Leone	0	0	0	0	0
South Africa	699	0	699	0	0
Swaziland	0	0	0	0	0
Togo	0	0	0	0	0
Uganda	3.017	0	3.017	0	0
Zambia	0	0	0	0	0
Regional Total	24.713	6.829	31.542	14.120	11.075
<b>Western Hemisphere:</b>					
Antigua-Barbuda	509	0	509	580	1.088
Argentina	4.779	0	4.779	40	40
Bahamas	0	0	0	800	0
Belize	700	0	700	686	0
Brazil	20.070	0	20.070	100.000	90.000
Canada	446.222	0	446.222	872.400	155.700
Chile	40.031	0	40.031	60.000	65.000
Colombia	140.303	0	140.303	288.536	759.886
Dominica	319	0	319	240	600
Dominican Republic	2.492	0	2.492	10.706	2.200
Ecuador	5.239	0	5.239	4.485	955
El Salvador	1.769	615	2.384	5.500	9.045
Grenada	100	0	100	296	600
Guatemala	1.796	0	1.796	0	0
Guvana	286	0	286	150	150
Haiti	200	0	200	3.412	700
Honduras	413	0	413	2.000	900
Jamaica	1.621	0	1.621	771	600

	FY 2006 ACTUAL		ESTIMATED		
	DEFENSE ART/SERV	CONSTR/DESIGN	2007	2008	
Mexico	13.442	0	13.442	6.580	8.830
Nicaragua	990	0	990	600	500
Panama	400	0	400	2.790	990
Paraguav	85	0	85	0	0
Peru	478	0	478	2.900	0
St. Kitts and Nevis	210	0	210	296	600
St. Lucia	170	0	170	296	600
Suriname	320	0	320	96	50
Trinidad & Tobago	0	0	0	0	0
Uruguav	269	0	269	300	300
Regional Total	683.213	615	683.828	1.364.460	1.099.334
<b>East Asia &amp; Pacific:</b>					
Australia	2.439.96	0	2.439.966	276.500	406.000
Brunei	592	0	592	0	0
Cambodia	0	0	0	1.150	800
East Timor	613	0	613	0	0
Fiii	0	0	0	0	0
Indonesia	15.000	0	15.000	58.000	0
Japan	1.029.98	0	1.029.983	177.200	102.200
Korea (Seoul)	409.602	0	409.602	955.175	349.555
Malavsia	43.313	0	43.313	12.330	0
Mongolia	4.308	0	4.308	12.996	0
New Zealand	12.427	0	12.427	0	0
Rep of Philippines	30.578	0	30.578	257.146	138.992
Singapore	360.779	0	360.779	400.820	76.000
Taiwan	10.167	0	10.167	600.000	600.000
Thailand	75.629	0	75.629	203.710	1.612.800
Tonga	864	0	864	0	0
UNTAET (East	0	0	0	0	0
Regional Total	4.433.82	0	4.433.821	2.955.027	3.286.347
<b>Europe &amp; Eurasia:</b>					
Albania	7.603	0	7.603	3.200	4.000
Armenia	3.149	0	3.149	8.600	6.000
Austria	6.648	0	6.648	2.200	0
Azerbaiian	10.135	0	10.135	5.460	4.500
Belgium	13.646	0	13.646	28.750	20.500
Bosnia-Herzegovina	9.345	0	9.345	10.000	8.000
Bulgaria	4.187	0	4.187	37.000	19.700
Croatia	182	0	182	1.070	900
Czech Republic	8.498	0	8.498	8.800	1.000
Denmark	86.523	0	86.523	98.410	74.410
Estonia	7.099	0	7.099	72.250	3.900
Finland	62.694	0	62.694	323.650	5.500
France	71.030	0	71.030	78.600	15.100
Georgia	49.761	0	49.761	10.000	6.500
Germanv	368.324	0	368.324	111.829	115.558
Greece	2.132.08	0	2.132.086	314.000	1.173.000
Hungary	8.751	0	8.751	2.000	3.000
Ireland	28	0	28	466	475
Iceland	0	0	0	655	0
Italy	61.448	0	61.448	90.000	60.000
Kazakhstan	7.618	0	7.618	6.310	0
Kvrevzstan	5.028	0	5.028	0	0
Latvia	7.200	0	7.200	9.080	0

	FY 2006 ACTUAL			ESTIMATED	
	DEFENSE	ART/SERV	CONSTR/DESI	2007	2008
Lithuania	11.590	0	11.590	1.900	4.050
Luxembourg	624	0	624	0	0
Macedonia (FYROM)	5.831	0	5.831	7.500	12.900
Malta	0	0	0	6.000	0
Moldova	0	0	0	691	1.450
Netherlands	130.532	0	130.532	360.070	123.800
Norway	121.308	0	121.308	119.500	45.000
Poland	74.339	0	74.339	189.400	59.000
Portugal	26.652	0	26.652	90.000	16.000
Romania	24.688	0	24.688	28.000	41.750
Slovakia	18.020	0	18.020	4.600	5.000
Slovenia	603	0	603	11.500	2.800
Spain	559.357	0	559.357	797.631	15.710
Sweden	15.243	0	15.243	14.580	1.100
Switzerland	24.878	0	24.878	14.483	14.000
Turkey	987.708	0	987.708	3.423.847	221.000
Turkmenistan	901	0	901	1.000	900
Ukraine	7.861	0	7.861	26.000	14.000
United Kingdom	166.305	0	166.305	160.420	30.905
Uzbekistan	0	0	0	0	0
<b>Regional Total</b>	<b>5.107.423</b>	<b>0</b>	<b>5.107.423</b>	<b>6.479.452</b>	<b>2.131.408</b>
<b>Near East &amp; South</b>					
Afghanistan	1.727	21.171	22.898	3.100.000	392.000
Bahrain	93.606	0	93.606	22.000	335.000
Bangladesh	0	0	0	1.100	0
Egypt	358.776	13.943	372.719	560.900	830.000
India	48.246	0	48.246	14.000	15.000
Iraq	0	0	0	1.000.000	1.000.000
Israel	1.050.799	28.927	1.079.726	857.000	700.000
Jordan	114.825	98.822	213.647	321.000	40.000
Kuwait	791.400	0	791.400	86.200	863.000
Lebanon	1.684	0	1.684	0	0
Morocco	11.828	0	11.828	7.000	46.000
Nepal	100	0	100	0	0
Oman	18.002	0	18.002	21.900	17.095
Pakistan	3.496.729	0	3.496.729	213.000	1.470.000
Oatar	0	0	0	0	0
Saudi Arabia	796.116	0	796.116	1.509.533	2.403.000
Sri Lanka	1.400	0	1.400	60.800	0
Taiikistan	2.009	0	2.009	750	50
Tunisia	6.947	0	6.947	7.630	18.730
United Arab Emirates	769.125	0	769.125	805.000	975.000
Yemen	4.123	0	4.123	0	0
<b>Regional Total</b>	<b>7.567.442</b>	<b>162.863</b>	<b>7.730.305</b>	<b>8.587.813</b>	<b>9.104.875</b>
<b>Non-Regional:</b>					
Classified Totals (A)	291.074	0	291.074	1.428.000	1.300.000
International Org.	54.981	0	54.981	115.270	44.120
<b>Non-Regional Total</b>	<b>346.055</b>	<b>0</b>	<b>346.055</b>	<b>1.543.270</b>	<b>1.344.120</b>
<b>Worldwide Total</b>	<b>18.162.667</b>	<b>170.307</b>	<b>18.332.97</b>	<b>20.944.14</b>	<b>16.977.159</b>

Note: Totals May Not Add Due To Rounding.

(A) For Further Information, Please See Classified Annex To This Document.

## Foreign Military Sales Administrative Costs

The Foreign Military Sales (FMS) program is implemented, for the most part, by the same Department of Defense personnel who work in the military departments and defense agency procurement, logistics support and administrative organizations established to carry out DoD's requirements for procurement and support of weapons, equipment, supplies and services needed by our Army, Navy, Air Force and Marines. A small number of fully dedicated security assistance organizations and personnel are also employed by the military departments and defense agencies in accomplishing the FMS mission. This integration of FMS provides organizational efficiencies and procurement cost economies to both the U.S. and the FMS customer countries.

The Arms Export Control Act (AECA) requires that the costs of implementing the FMS program be paid by FMS customer countries. To satisfy this requirement, an "administrative surcharge" of three point eight per cent (3.8%) is applied to FMS cases written on or after August 1, 2006. For cases that were written between June 1, 1999 and July 31, 2006 a two and half percent (2.5%) surcharge was applied. In addition, a "logistics support charge" of three-point-one percent (3.1%) is applied on certain deliveries of spare parts, equipment modifications, secondary support equipment and supplies; this surcharge will be eliminated on October 1, 2007. These administrative funds collected from the FMS customer are made available to the military departments and defense agencies to pay for their FMS administrative costs related to such functions as FMS case preparation (including preparation of price and availability estimates/information), sales negotiations, case implementation and execution, procurement, program control, ADP operations, accounting, budgeting and other financial program management. About one-half of the operating costs of overseas Security Assistance Organizations (SAOs) are also financed from FMS administrative funds. DSCA administers an annual budget process to develop estimated funding requirements and establish approved administrative funding levels.

The ceiling request to be included in Foreign Operations, Export Financing and Related Programs Appropriations Act of 2007, is \$359 million on obligations of FMS administrative funds. All FMS administrative budget obligations and expenditures are from FMS customers' funds that have been collected into the U.S. Treasury in the Foreign Military Sales Trust Fund account. There is no net outlay impact on the U.S. budget from the operations of the FMS administrative budget.

In FY 2008, \$437 million is required. DoD's FMS workload is increasing as indicated by actual sales between FYs 2001-2005 in the \$10-13 billion range, FY 2006 sales was over \$20 billion and anticipated sales for FY 2007 is in the \$21 billion range. Additionally, there are some significant infrastructure investments required, including Information Technology.

The following table shows FMS administrative budget amounts for FYs 2006-2008.

**Foreign Military Sales Administrative Costs/Workyears**  
(\$ in millions)

	FY 2006 Actual		FY 2007 Estimate		FY 2008 Request	
	Workyrs	Dollars	Workyrs	Dollars	Workyrs	Dollars
Military Departments	2,411	230.765	2,335	224.146	2,402	292.871
Other Defense Activities	682	103.999	678	100.660	651	106.356
Overseas (Net)	350	38.236	396	34.194	396	37.773
<b>Total</b>	<b>3,443</b>	<b>373.000</b>	<b>3,409</b>	<b>359.000</b>	<b>3,449</b>	<b>437.000</b>

## Overseas Military Program Management

United States military and civilian personnel are assigned to Security Assistance Organizations (SAOs) overseas to ensure effective planning and management of host country security assistance/cooperation programs. SAO personnel (including local national hires) serve under the authority of the Chiefs of U.S. Diplomatic Missions. Each SAO provides liaison between the Mission, the Department of Defense, and the host country defense establishment in security cooperation matters.

SAO personnel work closely with members of the host country defense establishment to develop and execute security cooperation programs, such as Foreign Military Sales (FMS), Foreign Military Financing (FMF), and International Military Education and Training (IMET), among others. These programs are key to the development of a defense infrastructure capable of integrating U.S. weapons and support systems into the existing force structure. Professional military personnel exchanges and cooperative planning contribute to effective and efficient country security cooperation programs.

The Department of Defense reviews staffing authorizations in coordination with the Department of State, the Chiefs of U.S. Diplomatic Missions, and the Combatant Commands to ensure that SAOs are properly staffed to conduct their missions efficiently. In FY 2008, separate SAOs will be assigned to 101 countries. In 10 additional countries, programs will be administered by augmentation personnel assigned to carry out security assistance management functions under the supervision of the Defense Attaché or other Mission staff. In other countries with which the U.S. maintains a security cooperation relationship, Defense Attaches and other Mission personnel manage the programs without augmentation personnel.

The following tables identify the security cooperation authorized staffing levels and associated costs at the conclusion of FY 2006 and the estimated levels for FY 2007 and FY 2008. Actual assigned strengths for FY 2006 and FY 2007 may be less than the authorized levels shown. Staffing requirements may change as individual country programs develop. The following is a glossary of SAOs assigned to U.S. Diplomatic Missions overseas that manage host country security cooperation programs:

### U.S. SECURITY ASSISTANCE ORGANIZATIONS (SAOs)

DAO	Defense Attaché Office
JUSMAG	Joint U.S. Military Assistance Group
JUSMAG-K	Joint U.S. Military Affairs Group - Korea
KUSLO	Kenya U.S. Liaison Office
MAP	Military Assistance Program
MDAO	Mutual Defense Assistance Office
ODC	Office of Defense Cooperation
ODR	Office of Defense Representative
ODRP	Office of Defense Representative – Pakistan
OMC-E	Office of Military Cooperation - Egypt
OMC-K	Office of Military Cooperation – Kuwait
SAAO	Security Assistance Augmentation Office
USLO	U.S. Liaison Office
USMAAG	U.S. Military Assistance Advisory Group
USMILGP	U.S. Military Group
USMLO	U.S. Military Liaison Office
USMTM	U.S. Military Training Mission – Saudi Arabia



**Overseas Military Program Management – Costs**  
(\$ in thousands)

	Org	FY 2006 Actual			FY 2007 Estimate			FY 2008 Proposed		
		FMF	FMS	Total	FMF	FMS	Total	FMF	FMS	Total
<b>Africa:</b>										
Angola	DAO	61	0	61	81	0	81	17	0	17
Benin	EMBASSY	101	0	101	121	0	121	70	0	70
Botswana	ODC	427	83	510	447	40	487	412	37	449
Cameroon	DAO	16	0	16	31	0	31	18	0	18
Cape Verde	EMBASSY	15	0	15	29	0	29	21	0	21
Chad	DAO	80	0	80	95	0	95	79	0	79
Cote d'Ivoire	DAO	22	0	22	37	0	37	24	0	24
Congo (Kinshasa)	DAO	0	0	0	0	0	0	0	0	0
Djibouti	USLO	375	256	631	391	185	576	508	185	693
Eritrea	USLO	163	74	237	178	19	197	242	16	258
Ethiopia	SAO	264	124	388	279	63	342	261	63	324
Gabon	EMBASSY	28	0	28	43	0	43	30	0	30
Ghana	ODC	255	0	255	270	0	270	363	0	363
Guinea	DAO	24	0	24	39	0	39	20	0	20
Guinea-Bissau	EMBASSY	5	0	5	19	0	19	2	0	2
Kenya	KUSLO	766	436	1,202	781	331	1,112	930	370	1,300
Lesotho	EMBASSY	5	0	5	19	0	19	20	0	20
Madagascar	DAO	51	0	51	66	0	66	127	0	127
Malawi	EMBASSY	41	78	119	56	21	77	50	20	70
Mali	DAO	34	0	34	49	0	49	30	0	30
Mauritania	EMBASSY	26	0	26	41	0	41	33	0	33
Mozambique	DAO	24	0	24	39	0	39	19	0	19
Namibia	DAO	64	76	140	79	29	108	62	15	77
Niger	DAO	35	0	35	49	0	49	30	0	30
Nigeria	ODC	441	267	708	546	218	764	511	206	717
Rwanda	DAO	45	0	45	60	0	60	50	0	50
Sao Tome & Principe	EMBASSY	16	0	16	31	0	31	17	0	17
Senegal	ODC	313	132	445	328	96	424	361	86	447
Seychelles	EMBASSY	28	0	28	43	0	43	114	0	114
South Africa	ODC	211	165	376	226	122	348	357	112	469
Tanzania	DAO	15	0	15	29	0	29	20	0	20
Togo	EMBASSY	13	0	13	28	0	28	17	0	17
Uganda	DAO	22	0	22	37	0	37	25	0	25
Zambia	DAO	18	0	18	33	0	33	21	0	21
Zimbabwe	DAO	17	0	17	32	0	32	16	0	16
<b>Regional Total</b>		<b>4,021</b>	<b>1,691</b>	<b>5,712</b>	<b>4,632</b>	<b>1,124</b>	<b>5,756</b>	<b>4,877</b>	<b>1,110</b>	<b>5,987</b>
<b>Western Hemisphere:</b>										
Argentina	MILGP	337	201	538	357	91	448	355	251	606
Bahamas	USNLO	25	0	25	45	0	45	15	0	15
Belize	MLO	134	153	287	154	62	216	263	173	436
Bolivia	MILGP	611	312	923	636	186	822	749	152	901
Brazil	MLO	224	206	430	247	126	373	307	126	433
Canada	DAO	0	287	287	0	156	156	0	156	156
Chile	MILGP	250	356	606	275	791	1,066	257	267	524
Colombia	MILGP	593	784	1,377	618	645	1,263	586	645	1,231
Costa Rica	ODR	365	256	621	401	120	521	381	120	501
Dominican Republic	MAAG	371	232	603	396	124	520	383	124	507
Eastern Caribbean	MLO	258	176	434	283	114	397	337	112	449
Ecuador	MILGP	558	283	841	583	212	795	525	212	737
El Salvador	MILGP	529	282	811	554	174	728	552	174	726

Org	FY 2006 Actual			FY 2007 Estimate			FY 2008 Proposed			
	FMF	FMS	Total	FMF	FMS	Total	FMF	FMS	Total	
<b>Western Hemisphere:</b>										
<b>Con't:</b>										
Guatemala	MILGP	378	0	378	403	0	403	376	0	376
Guyana	MLO	19	65	84	44	11	55	15	11	26
Haiti	MLO	765	0	765	869	0	869	826	0	826
Honduras	MILGP	562	312	874	587	238	825	597	238	835
Jamaica	MLO	380	165	545	405	73	478	398	73	471
Mexico	ODC	537	265	802	560	233	793	516	225	741
Nicaragua	MLO	280	224	504	363	187	550	192	86	278
Panama	ODC	172	104	276	197	31	228	180	30	210
Paraguay	ODC	243	94	337	268	507	775	244	11	255
Peru	MAAG	479	174	653	574	18	592	610	87	697
Suriname	DAO	21	0	21	46	0	46	15	0	15
Trinidad & Tobago	MLO	43	94	137	68	217	285	37	11	48
Uruguay	ODC	192	157	349	235	91	326	241	91	332
Venezuela	MILGP	292	228	520	317	164	481	327	151	478
<b>REGIONAL TOTAL</b>		<b>8,618</b>	<b>5,410</b>	<b>14,028</b>	<b>9,485</b>	<b>4,570</b>	<b>14,055</b>	<b>9,284</b>	<b>3,526</b>	<b>12,810</b>
<b>East Asia &amp; Pacific:</b>										
Australia	ODC	91	402	493	116	375	491	109	422	531
Cambodia	DAO	83	101	184	108	62	170	156	121	277
East Timor	SAO	109	115	224	134	74	208	151	135	286
Fiji	SAO	325	103	428	468	54	522	288	123	411
Indonesia	ODC	447	176	623	472	127	599	385	196	581
Japan	MDAO	256	1,562	1,818	281	1,616	1,897	252	1,582	1,834
Malaysia	ODC	297	324	621	322	290	612	316	344	660
Mauritius	EMBASSY	19	0	19	44	0	44	110	0	110
Mongolia	DAO	157	0	157	185	0	185	227	0	227
New Zealand	DAO	0	157	157	0	121	121	0	167	167
Philippines	JUSMAG	438	602	1,040	610	727	1,337	431	622	1,053
Singapore	ODC	134	778	912	159	775	934	147	798	945
South Korea	JUSMAG	271	1,631	1,902	306	1,597	1,903	307	1,641	1,948
Thailand	JUSMAG	561	756	1,317	586	712	1,298	600	766	1,366
Vietnam	DAO	75	0	75	100	0	100	75	0	75
<b>REGIONAL TOTAL</b>		<b>3,263</b>	<b>6,707</b>	<b>9,970</b>	<b>3,891</b>	<b>6,530</b>	<b>10,421</b>	<b>3,554</b>	<b>6,917</b>	<b>10,471</b>
<b>Europe &amp; Eurasia:</b>										
Albania	ODC	214	132	346	257	92	349	265	102	367
Armenia	ODC	113	150	263	149	89	238	147	239	386
Austria	ODC	19	351	370	45	320	365	34	361	395
Azerbaijan	ODC	179	101	280	202	99	301	205	149	354
Belgium	ODC	32	672	704	59	692	751	49	702	751
Bosnia	ODC	206	156	362	247	107	354	254	206	460
Bulgaria	ODC	219	278	497	244	192	436	221	328	549
Croatia	ODC	276	192	468	331	101	432	291	201	492
Czech Republic	ODC	251	302	553	276	273	549	200	352	552
Denmark	ODC	75	476	551	100	413	513	75	496	571
Estonia	ODC	251	192	443	306	148	454	308	242	550
Finland	DAO	6	29	35	31	14	45	1	78	79
France	ODC	57	598	655	112	489	601	47	608	655
Georgia	ODC	166	135	301	231	74	305	222	235	457
Germany	ODC	91	987	1,078	116	770	886	72	997	1,069
Greece	ODC	669	1,511	2,180	694	1,473	2,167	843	1,521	2,364
Hungary	ODC	264	256	520	289	254	543	246	266	512
Italy	ODC	155	957	1,112	179	795	974	140	967	1,107
Kazakhstan	SAO	335	189	524	360	178	538	380	209	589
Kyrgyzstan	SAO	134	72	206	159	136	295	294	92	386

	Org	FY 2006 Actual			FY 2007 Estimate			FY 2008 Proposed		
		FMF	FMS	Total	FMF	FMS	Total	FMF	FMS	Total
<b>Europe &amp; Eurasia:</b>										
<b>Con't:</b>										
Latvia	ODC	181	113	294	162	114	276	134	133	267
Lithuania	ODC	169	95	264	184	127	311	268	115	383
Luxembourg	EMBASSY	12	35	47	27	19	46	6	55	61
Macedonia	ODC	210	128	338	228	117	345	234	148	382
Malta	EMBASSY	49	0	49	64	0	64	33	0	33
Moldova	ODC	179	74	253	194	49	243	153	94	247
Netherlands	ODC	82	469	551	97	564	661	74	489	563
Norway	ODC	111	272	383	126	288	414	71	318	389
Poland	ODC	401	769	1,170	427	754	1,181	408	804	1,212
Portugal	ODC	492	514	1,006	517	547	1,064	523	534	1,057
Romania	ODC	211	226	437	226	201	427	193	246	439
Russia	DAO	246	33	279	261	18	279	323	53	376
Slovakia	ODC	181	147	328	196	121	317	198	167	365
Slovenia	ODC	153	129	282	168	102	270	142	149	291
Spain	ODC	169	337	506	164	318	482	171	357	528
Sweden	ODC	0	42	42	0	17	17	0	62	62
Switzerland	DAO	0	66	66	0	42	42	0	86	86
Tajikistan	SAO	119	144	263	141	136	277	215	225	440
Turkey	ODC	1,431	1,626	3,057	1,441	1,323	2,764	1,657	1,636	3,293
Turkmenistan	DAO	171	0	171	186	0	186	151	0	151
Ukraine	ODC	236	132	368	251	104	355	229	152	381
United Kingdom	ODC	62	204	266	77	155	232	30	224	254
Uzbekistan	SAO	308	129	437	323	111	434	320	149	469
<b>REGIONAL TOTAL</b>		<b>8,885</b>	<b>13,420</b>	<b>22,305</b>	<b>9,847</b>	<b>11,936</b>	<b>21,783</b>	<b>9,827</b>	<b>14,547</b>	<b>24,374</b>
<b>Near East &amp; South Asia:</b>										
Afghanistan	OMC	300	483	783	323	493	816	313	503	816
Algeria	DAO	110	84	194	125	94	219	91	104	195
Bahrain	OMC	384	546	930	409	556	965	346	566	912
Bangladesh	ODC	190	83	273	215	93	308	240	103	343
Egypt	OMC	1,937	3,546	5,483	1,962	3,556	5,518	1,842	3,566	5,408
India	ODC	288	476	764	322	486	808	352	496	848
Iraq	OMC	0	0	0	0	0	0	0	0	0
Israel	DAO	51	202	253	66	212	278	17	319	336
Jordan	MAP	813	572	1,385	838	582	1,420	893	592	1,485
Kuwait	OMC	262	356	618	287	455	742	255	465	720
Lebanon	DAO	456	276	732	481	286	767	596	296	892
Morocco	ODC	589	253	842	614	263	877	609	273	882
Nepal	SAO	155	208	363	180	218	398	174	238	412
Oman	OMC	509	456	965	534	506	1,040	405	516	921
Pakistan	ODRP	614	457	1,071	639	467	1,106	505	427	932
Qatar	USLO	395	292	687	449	312	761	425	322	747
Saudi Arabia	USMTM	0	1,342	1,342	0	1,352	1,352	0	1,362	1,362
Sri Lanka	DAO	172	70	242	197	47	244	128	97	225
Tunisia	ODC	376	194	570	431	204	635	533	254	787
United Arab Emirates	USLO	229	983	1,212	284	869	1,153	251	969	1,220
Yemen	OMC	159	129	288	209	105	314	164	205	369
<b>REGIONAL TOTAL</b>		<b>7,989</b>	<b>11,008</b>	<b>18,997</b>	<b>8,565</b>	<b>11,156</b>	<b>19,721</b>	<b>8,139</b>	<b>11,673</b>	<b>19,812</b>
<b>WORLDWIDE TOTAL</b>		<b>32,776</b>	<b>38,236</b>	<b>71,012</b>	<b>36,420</b>	<b>34,194</b>	<b>70,614</b>	<b>35,681</b>	<b>37,773</b>	<b>73,454</b>

**Overseas Military Program Management - Personnel Strengths**

ORG.	FY 2006				FY 2007 ESTIMATE				FY 2008 REQUEST				
	MIL	CIV	LOCAL	TOTAL	MIL	CIV	LOCAL	TOTAL	MIL	CIV	LOCAL	TOTAL	
<b><u>Africa:</u></b>													
Botswana	ODC	2	0	1	3	2	0	1	3	2	0	1	3
Chad	DAO a/	0	0	1	1	0	0	1	1	0	0	1	1
Djibouti	USLO	1	0	2	3	1	0	2	3	1	0	2	3
Eritrea	USLO	1	0	0	1	1	0	0	1	1	0	0	1
Ethiopia	SAAO	2	0	0	2	2	0	0	2	2	0	0	2
Ghana	ODC	1	0	0	1	1	0	0	1	1	0	0	1
Kenya	KUSLO	4	2	1	7	4	2	1	7	4	1	2	7
Liberia	ODC	3	1	0	4	3	1	0	4	3	1	0	4
Namibia	EMB /b	0	0	0	0	0	0	0	0	0	0	0	0
Niger	DAO a/	0	0	1	1	0	0	1	1	0	0	1	1
Nigeria	ODC	3	0	1	4	3	0	1	4	3	0	1	4
Rwanda	DAO a/	0	0	0	0	0	0	0	0	0	0	0	0
Senegal	ODC	1	0	3	4	1	0	3	4	1	0	3	4
South Africa	ODC	2	0	0	2	2	0	0	2	2	0	0	2
<b>Regional total</b>		<b>20</b>	<b>3</b>	<b>10</b>	<b>33</b>	<b>20</b>	<b>3</b>	<b>10</b>	<b>33</b>	<b>20</b>	<b>2</b>	<b>11</b>	<b>33</b>
<b><u>Western Hemisphere:</u></b>													
Argentina	USMILGP	3	0	4	7	3	0	4	7	3	0	4	7
Barbados	USMLO c/	3	0	0	3	3	0	0	3	3	0	0	3
Belize	USMLO	2	0	0	2	2	0	0	2	2	0	0	2
Bolivia	USMILGP	4	0	5	9	4	0	5	9	4	0	5	9
Brazil	USMLO	4	0	2	6	4	0	2	6	4	0	2	6
Canada	DAO a/	1	0	1	2	1	0	1	2	1	0	1	2
Chile	USMILGP	3	1	3	7	3	1	3	7	3	1	3	7
Colombia	USMILGP	6	2	3	11	6	2	3	11	6	2	3	11
Costa Rica	ODR	1	0	3	4	1	0	3	4	1	0	3	4
Dominican Republic	USMAAG	2	0	1	3	2	0	1	3	2	0	1	3
Ecuador	USMILGP	5	1	4	10	5	1	4	10	5	1	4	10
El Salvador	USMILGP	3	0	6	9	3	0	6	9	3	0	6	9
Guatemala	USMILGP	1	0	1	2	1	0	1	2	1	0	1	2
Guyana	USMLO	0	0	0	0	0	0	0	0	0	0	0	0
Haiti	USMLO	2	0	1	3	2	0	1	3	2	0	1	3
Honduras	USMILGP	4	1	5	10	4	1	5	10	4	1	5	10
Jamaica	USMLO	2	0	1	3	2	0	1	3	2	0	1	3
Mexico	ODC	3	1	4	8	3	1	4	8	3	1	4	8
Nicaragua	USMLO	2	1	2	5	2	1	2	5	2	1	2	5
Panama	ODC	2	1	2	5	2	1	2	5	2	1	2	5
Paraguay	ODC	1	0	4	5	1	0	4	5	1	0	4	5
Peru	USMAAG	1	0	5	6	1	0	5	6	1	0	5	6
Suriname	DAO a/	1	0	0	1	1	0	0	1	1	0	0	1
Trinidad and Tobago	USMLO	0	0	0	0	0	0	0	0	0	0	0	0
Uruguay	ODC	2	0	3	5	2	0	3	5	2	0	3	5
Venezuela	USMILGP	2	0	0	2	2	0	0	2	2	0	0	2
<b>Regional Total</b>		<b>60</b>	<b>8</b>	<b>60</b>	<b>128</b>	<b>60</b>	<b>8</b>	<b>60</b>	<b>128</b>	<b>60</b>	<b>8</b>	<b>60</b>	<b>128</b>
<b><u>East Asia &amp; Pacific:</u></b>													
Australia	ODC	4	0	1	5	4	0	1	5	4	0	1	5
Cambodia	ODC	1	0	2	3	1	0	2	3	1	0	2	3
East Timor	ODC	1	0	1	2	1	0	1	2	1	0	1	2
Fiji	DAO a/	1	0	1	2	1	0	2	3	1	0	2	3
Indonesia	ODC	2	0	5	7	3	0	8	11	3	0	8	11
Japan	MDAO	5	3	6	14	5	3	6	14	5	3	6	14
Malaysia	ODC	2	0	5	7	2	0	5	7	2	0	5	7
Mongolia	DAO a/	0	0	2	2	0	0	3	3	0	0	3	3
New Zealand	DAO a/	0	0	1	1	0	0	1	1	0	0	1	1
Papua New Guinea	ODC	0	0	0	0	0	0	0	0	0	0	0	0
Philippines	JUSMAG	11	2	5	18	11	1	5	17	11	1	5	17
Singapore	ODC	5	0	4	9	5	0	4	9	5	0	4	9
South Korea	JUSMAG-K	11	1	10	22	11	0	12	23	11	0	12	23
Thailand	JUSMAG	10	0	11	21	11	1	11	23	11	1	11	23
Vietnam	DAO a/	0	0	1	1	0	0	1	1	0	0	1	1
<b>Regional Total</b>		<b>53</b>	<b>6</b>	<b>55</b>	<b>114</b>	<b>55</b>	<b>5</b>	<b>62</b>	<b>122</b>	<b>55</b>	<b>5</b>	<b>62</b>	<b>122</b>

	ORG.	FY 2006				FY 2007 ESTIMATE				FY 2008 REQUEST			
		MIL	CIV	LOCAL	TOTAL	MIL	CIV	LOCAL	TOTAL	MIL	CIV	LOCAL	TOTAL
<b>Europe:</b>													
Albania	ODC	1	0	2	3	1	0	2	3	1	0	2	3
Armenia	ODC	1	0	2	3	1	0	2	3	1	0	2	3
Austria	ODC	2	0	0	2	2	0	0	2	2	0	0	2
Azerbaijan	ODC	2	0	1	3	2	0	1	3	2	0	1	3
Belgium/Luxembourg	ODC	1	0	2	3	1	0	2	3	1	0	2	3
Bosnia	ODC	1	0	3	4	1	0	3	4	1	0	3	4
Bulgaria	ODC	2	0	2	4	2	0	2	4	2	0	2	4
Croatia	ODC	1	1	1	3	1	1	1	3	1	1	1	3
Czech Republic	ODC	1	0	2	3	1	0	2	3	1	0	2	3
Denmark	ODC	1	0	2	3	1	0	2	3	1	0	2	3
Estonia	ODC	1	1	1	3	1	1	1	3	1	1	1	3
France	ODC	2	1	1	4	2	1	1	4	2	1	1	4
Georgia	ODC	3	0	2	5	3	0	2	5	3	0	2	5
Germany	ODC	2	9	2	13	2	9	2	13	2	9	2	13
Greece	ODC	5	1	8	14	5	1	8	14	5	1	8	14
Hungary	ODC	1	1	2	4	1	1	2	4	1	1	2	4
Italy	ODC	3	0	3	6	3	0	3	6	3	0	3	6
Kazakhstan	SAAO	2	0	2	4	2	0	2	4	2	0	2	4
Kyrgyzstan	SAAO	2	0	1	3	2	0	1	3	2	0	1	3
Latvia	ODC	1	0	2	3	1	0	2	3	1	0	2	3
Lithuania	ODC	1	0	2	3	1	0	2	3	1	0	2	3
Macedonia (FYROM)	ODC	1	0	2	3	1	0	2	3	1	0	2	3
Moldova	ODC	1	0	2	3	1	0	2	3	1	0	2	3
Netherlands	ODC	2	1	1	4	2	1	1	4	2	1	1	4
Norway	ODC	1	0	1	2	1	0	1	2	1	0	1	2
Poland	ODC	6	0	3	9	6	0	3	9	6	0	3	9
Portugal	ODC	4	0	2	6	4	0	2	6	4	0	2	6
Romania	ODC	2	1	1	4	2	1	1	4	2	1	1	4
Russia	ODC	2	0	0	2	2	0	0	2	2	0	0	2
Serbia	ODC	1	0	0	1	1	0	0	1	1	0	0	1
Slovakia	ODC	1	1	1	3	1	1	1	3	1	1	1	3
Slovenia	ODC	1	0	2	3	1	0	2	3	1	0	2	3
Spain	ODC	5	3	1	9	5	3	1	9	5	3	1	9
Sweden	DAO a/	0	0	1	1	0	0	1	1	0	0	1	1
Tajikistan	SAAO	1	0	1	2	1	0	1	2	1	0	1	2
Turkey	ODC	19	2	5	26	19	2	5	26	19	2	5	26
Turkmenistan	DAO a/	0	0	0	0	0	0	0	0	0	0	0	0
Ukraine	ODC	1	1	2	4	1	1	2	4	1	1	2	4
United Kingdom	ODC	2	1	0	3	2	1	0	3	2	1	0	3
Uzbekistan	SAAO	2	0	1	3	2	0	1	3	2	0	1	3
<b>Regional Total</b>		<b>88</b>	<b>24</b>	<b>69</b>	<b>181</b>	<b>88</b>	<b>24</b>	<b>69</b>	<b>181</b>	<b>88</b>	<b>24</b>	<b>69</b>	<b>181</b>
<b>Near East/South Asia:</b>													
Afghanistan	OMC	6	0	3	9	6	0	3	9	6	0	3	9
Algeria	ODC	2	0	1	3	2	0	1	3	2	0	1	3
Bahrain	OMC	6	1	0	7	6	1	1	8	6	1	1	8
Bangladesh	ODC	1	0	1	2	1	0	2	3	1	0	2	3
Egypt	OMC	28	8	17	53	29	7	17	53	29	7	17	53
India	ODC	4	1	4	9	3	0	6	9	3	0	6	9
Iraq	OMC	8	0	0	8	8	0	4	12	8	0	4	12
Israel	ODC	3	1	0	4	3	1	0	4	3	1	0	4
Jordan	MAP	9	1	5	15	10	0	5	15	10	0	5	15
Kuwait	OMC	10	1	1	12	10	1	1	12	10	1	1	12
Lebanon	ODC	1	0	3	4	1	0	3	4	3	0	3	6
Madagascar	DAO a/	0	0	1	1	0	0	1	1	0	0	1	1
Morocco	ODC	3	1	3	7	3	1	3	7	3	1	3	7
Nepal	ODC	1	0	3	4	1	0	3	4	1	0	3	4
Oman	OMC	6	1	2	9	6	1	2	9	6	1	2	9
Pakistan	ODRP	4	1	4	9	4	1	4	9	4	1	4	9
Qatar	USLO	3	0	0	3	3	0	0	3	3	0	0	3
Saudi Arabia	USMTM	63	0	8	71	63	0	8	71	63	0	8	71
Sri Lanka	ODC	1	0	1	2	1	0	1	2	1	0	1	2
Tunisia	ODC	4	0	1	5	4	0	1	5	4	0	1	5
United Arab Emirates	USLO	7	1	1	9	7	1	1	9	7	1	1	9
Yemen	OMC	1	0	2	3	1	0	2	3	1	0	2	3
<b>Regional Total</b>		<b>171</b>	<b>17</b>	<b>61</b>	<b>249</b>	<b>172</b>	<b>14</b>	<b>69</b>	<b>255</b>	<b>174</b>	<b>14</b>	<b>69</b>	<b>257</b>

ORG.	FY2006				FY 2007 ESTIMATE				FY 2008 REQUEST			
	MIL	CIV	LOCAL	TOTAL	MIL	CIV	LOCAL	TOTAL	MIL	CIV	LOCAL	TOTAL
<b>WORLDWIDE TOTAL</b>	392	58	255	705	395	54	270	719	397	53	271	721

a/ Personnel authorized to assist the DAO with security assistance management functions.

b/ Personnel authorized to assist the Embassy with security assistance management functions.

c/ Manages programs for Eastern Caribbean countries.

## Excess Defense Articles

The Excess Defense Articles (EDA) program enables the United States to meet foreign policy objectives while simultaneously supporting our friends and allies in improving their defense capabilities. EDA may be sold to any country eligible to purchase defense articles or provided on a grant basis to countries justified in the country papers to receive grant EDA. Providing EDA on a grant basis turns U.S. defense items that are in excess of our Approved Force Acquisition Objective and Approved Force Retention Stock into instruments that meet a number of our national security interests. Some of the objectives met by EDA are: strengthening coalitions, cementing bilateral foreign military relationships, enhancing interoperability, furthering legitimate modernization efforts of our allies, aiding in multilateral peacekeeping efforts, combating illegal narcotics production and narco-trafficking, and aiding in demining assistance programs.

Providing EDA on a grant basis has contributed to our foreign policy successes. This excess equipment has helped our Latin American and Caribbean friends combat the threat of illegal narco-trafficking and has permitted many South American and African nations to participate in support of U.S. and UN peacekeeping operations. Grant EDA contributes to regional stability by supporting the ongoing military reform efforts of democratic governments in central and Eastern Europe and the Baltics. Additionally, grant EDA has a positive global impact – furthering U.S. national security interests and supporting the growth and strengthening of democracies, promoting military reform and fighting the spread of illicit narcotics.

EDA articles are transferred in an “as is, where is” condition to the recipient and are only offered in response to a demonstrated requirement. The grant EDA program operates at essentially no cost to the United States, with the recipient responsible for any required refurbishment and repair of the items as well as any associated transportation costs. The vast majority of EDA items are of low to medium technologies that do not present proliferation concerns.

Each grant eligible country has a justification statement providing the objective and proposed use of potential EDA within each country paper. Eligibility simply permits a nation to be considered for grant EDA and does not guarantee the transfer of any EDA, nor does it circumvent or bypass in any way the comprehensive case-by-case review each potential EDA offer receives. Furthermore, all potential EDA transfers are subject to the same Conventional Arms Transfer Policy interagency review as any other government-to-government transfer.

**Grants of Excess Defense Articles**  
**Under the Provisions of the Foreign Assistance Act**  
(\$ in thousands)

	<b>OFFERED IN FY 2006</b>		<b>DELIVERED IN FY 2006</b>	
	<b>ACQ. VALUE</b>	<b>CURRENT VALUE</b>	<b>ACQ. VALUE</b>	<b>CURRENT VALUE</b>
<b><u>AFRICA:</u></b>				
DJIBOUTI	0	0	633	48
GHANA	0	0	746	378
SAO TOME & PRINCIPE	133	53	0	0
SENEGAL	2,215	443	880	308
UGANDA	0	0	4,097	819
<b>REGIONAL TOTAL</b>	<b>2,348</b>	<b>496</b>	<b>6,356</b>	<b>1,553</b>
<b><u>EAST ASIA &amp; PACIFIC:</u></b>				
MONGOLIA	2,323	697	0	0
THAILAND	13,209	1,321	0	0
<b>REGIONAL TOTAL</b>	<b>15,532</b>	<b>2,018</b>	<b>0</b>	<b>0</b>
<b><u>EUROPE &amp; EURASIA:</u></b>				
GREECE	0	0	11,352	2,271
POLAND	17,583	11,235	0	0
<b>REGIONAL TOTAL</b>	<b>17,583</b>	<b>11,235</b>	<b>11,352</b>	<b>2,271</b>
<b><u>NEAR EAST &amp; SOUTH ASIA:</u></b>				
EGYPT	354,601	69,235	0	0
IRAQ	19,439	4,345	306	123
ISRAEL	378,182	47,383	3,614	884
JORDAN	3,454	345	0	0
KAZAKHSTAN	1,845	92	0	0
LEBANON	2,793	559	0	0
MOROCCO	93,954	18,852	74,486	9,925
NEPAL	10,221	3,066	3,717	1,115
PAKISTAN	85,763	20,602	118,847	21,619
SRI LANKA	53,891	16,167	0	0
TUNISIA	0	0	13,841	1,391
YEMEN	8,071	1,602	0	0
<b>REGIONAL TOTAL</b>	<b>1,012,214</b>	<b>182,248</b>	<b>214,811</b>	<b>35,057</b>
<b><u>WESTERN HEMISPHERE:</u></b>				
CHILE	83,654	13,826	0	0
COLOMBIA	6,787	713	458	137
DOMINICAN REPUBLIC	1,718	344	557	111
GUATEMALA	20,233	5,666	0	0



HONDURAS	6,989	1,398	0	0
NICARAGUA	6,504	1,951	0	0
<b>REGIONAL TOTAL</b>	<b>125,885</b>	<b>23,898</b>	<b>1,015</b>	<b>248</b>
<b>WORLDWIDE TOTAL</b>	<b>1,173,562</b>	<b>219,895</b>	<b>233,534</b>	<b>39,129</b>

NOTE: Totals may not add due to rounding.

**Sales of Excess Defense Articles  
Under Foreign Military Sales Provisions**  
(\$ in thousands)

	OFFERED IN FY 2006		DELIVERED IN FY 2006	
	ACQ.	CURRENT	ACQ.	CURRENT
	VALUE	VALUE	VALUE	VALUE
<b><u>EAST ASIA &amp; PACIFIC:</u></b>				
AUSTRALIA	2,110	276	957	53
KOREA	0	0	41,667	4,358
PHILIPPINES	71	14	0	0
TAIWAN	0	0	1,280,447	69,591
<b>REGIONAL TOTAL</b>	<b>2,181</b>	<b>290</b>	<b>1,323,071</b>	<b>74,002</b>
<b><u>EUROPE &amp; EURASIA:</u></b>				
DENMARK	0	0	898	359
FINLAND	0	0	5	3
GREECE	199	100	0	0
SPAIN	10,285	1,029	0	0
TURKEY	0	0	57	23
UNITED KINGDOM	30	15	0	0
<b>REGIONAL TOTAL</b>	<b>10,514</b>	<b>1,144</b>	<b>960</b>	<b>385</b>
<b><u>NEAR EAST &amp; SOUTH ASIA:</u></b>				
INDIA	97,497	13,066	0	0
ISRAEL	0	0	90	40
<b>REGIONAL TOTAL</b>	<b>97,497</b>	<b>13,066</b>	<b>90</b>	<b>40</b>
<b><u>WESTERN HEMISPHERE:</u></b>				
CANADA	0	0	14,098	1,304
ECUADOR	47	14	00	0
MEXICO	34	10	0	0
<b>REGIONAL TOTAL</b>	<b>81</b>	<b>24</b>	<b>14,098</b>	<b>1,304</b>
<b>WORLDWIDE TOTAL</b>	<b>110,272</b>	<b>14,525</b>	<b>1,338,219</b>	<b>75,732</b>

NOTE: Totals may not add due to rounding

## **Leased Defense Articles**

The lease of defense articles can be authorized under the Arms Export Control Act (AECA), Chapter 6, if there are compelling U.S. foreign policy and national security reasons for providing defense articles on a lease rather than a sales basis. Defense articles cannot be leased if they are needed for public use during the period of the lease.

Except for leases entered into for the purposes of cooperative research or development, military exercises or communications or electronics interface projects, the country leasing the defense article(s) must agree to pay, in U.S. dollars, all costs incurred by the United States Government in leasing the article(s). These costs include reimbursement for depreciation of the article(s) while leased. In addition, the country must also pay the cost of restoration or replacement if the article(s) are damaged while leased. If the article(s) is lost or destroyed while leased, the U.S. requires funds to cover the replacement cost (less depreciation, if any) or an amount equal to the actual value (less depreciation) when the article(s) will not be replaced in the U.S. inventory.

The President may waive reimbursement of depreciation for any defense article which has passed three-quarters of its normal service life if the President determines that to do so is important to the national security interests of the United States. In some cases, the President may waive the reimbursement of all lease charges with respect to a lease that is made in exchange with the lessee for a lease on substantially reciprocal terms of defense articles for the Department of Defense. Waivers for depreciation or reciprocity are made before the implementation of the lease agreement.

Leases are conducted for a fixed duration of time not to exceed five years and provide that, at any time during the lease, the U.S. may terminate the lease and require the immediate return of the defense article(s).

**Leases Under the Arms Export Control Act Implemented FY 2006**  
(\$ in thousands)

	<b>REPLACEMENT VALUE</b>	<b>TOTAL RENTAL VALUE</b>
<b><u>Europe and Eurasia:</u></b>		
Germany	\$27,913.80	\$27,915.60
	\$23,976,651.00	\$31,957,774.00
	\$7,502.00	\$278,200.00
	\$34,845.48	\$181,968.28
	\$1,764.60	\$14,471.54
	<b>\$24,048,676.88</b>	<b>\$32,460,329.42</b>
<b>Western Hemisphere</b>		
Canada	\$527,818.32	\$544,694.42
<b>Regional Total</b>	\$527,818.32	\$544,694.42
<b>WORLDWIDE TOTAL</b>	<b>\$24,576,495.20</b>	<b>\$33,005,023.64</b>

## **Stockpiling of Defense Articles for Foreign Countries**

Section 514(b) of the Foreign Assistance Act of 1961 (FAA), as amended, establishes annual ceilings on the value of additions of defense articles located abroad that may be set aside, reserved, or otherwise earmarked from U.S. military inventories for use as War Reserves Stocks by Allies (WRSA) or other foreign countries (other than NATO). Most defense articles added to stockpiles under this ceiling will come from existing stocks.

In FY 2008, it is anticipated that no defense articles will be added to existing stockpiles as items are in sufficient supply to provide the necessary support.

**Value of Annual Ceiling for Stockpiling**  
(\$ in thousands)

<b>Fiscal Year</b>	<b>Amount Stockpiled</b>
1976	96,750
1977	125,000
1978	270,000
1979	90,000
1980	95,000
1981	85,000
1982	130,000
1983	125,000
1984	125,000
1985	248,000
1986	360,000
1987	125,000
1988	116,000
1989	77,000
1990	165,000
1991	378,000
1992	378,000
1993	389,000
1994	292,000
1995	250,000
1996	50,000
1997	50,000
1998	60,000
1999	340,000
2000	60,000
2001	50,000
2002	0
2003	100,000
2004	0
2005	0
2006	0
2007	0
2008	0

**Countries and International Organizations Eligible for Purchasing Defense Articles and Services from the United States Government**

<b>Africa</b>	<b>Date</b>	<b>Determination No.</b>
Angola	28-Jul-95	95-32
Benin	2-Jan-73	73-10
Botswana	6-Feb-79	79-05
Burkina Faso	2-Jan-73	73-10
Burundi	24-Aug-91	91-50
Cameroon	2-Jan-73	73-10
Cape Verde	10-Jun-86	86-11
Central African Republic	2-Feb-87	
Chad	1-Sep-77	77-20
Comoros	26-May-92	92-28
Cote D'Ivoire	2-Jan-73	73-10
Democratic Republic of Congo	24-Aug-91	91-49
Djibouti	17-May-82	82-15
Equatorial Guinea	28-Nov-83	84-02
Eritrea	18-Feb-94	94-15
Ethiopia	2-Jan-73	73-10
Gabon	2-Jan-73	73-10
Gambia	2-Feb-87	
Ghana	2-Jan-73	73-10
Guinea	2-Jan-73	73-10
Guinea-Bissau	10-Jun-86	86-11
Kenya	29-Oct-74	75-02
Lesotho	25-Oct-90	91-05
Liberia	2-Jan-73	73-10
Madagascar	10-Jun-86	86-11
Malawi	11-Feb-85	85-04
Mali	2-Jan-73	73-10
Mauritania	10-Jun-86	86-11
Mauritius	29-Oct-74	75-02
Mozambique	11-Feb-85	85-07
Namibia	25-Oct-90	91-04
Niger	2-Jan-73	73-10
Nigeria	2-Jan-73	73-10
Republic of the Congo	2-Jan-73	73-10

<b>Africa, Cont'd</b>	<b>Date</b>	<b>Determination No.</b>
Rwanda	27-Feb-81	81-03
Sao Tome & Principe	27-May-88	88-17
Senegal	2-Jan-73	73-10
Seychelles	20-Jul-89	89-18
Sierra Leone	5-Feb-85	85-05
Somalia	3-Mar-80	80-12
South Africa	27-Jun-94	94-29
Sudan	5-Nov-76	77-05
Swaziland	19-Jun-06	06-16
Tanzania	20-Jul-89	89-20
Togo	11-Feb-85	85-06
Uganda	20-Jul-89	89-21
Zambia	11-Aug-92	92-38
Zimbabwe	26-Oct-82	83-03
<b>East Asia &amp; Pacific</b>		
Australia	2-Jan-73	73-10
Brunei	2-Jan-73	73-10
Burma	2-Jan-73	73-10
Cambodia	2-Jan-73	73-10
China	12-Jun-84	84-11
Cook Islands	6-Jan-93	93-10
East Timor	27-May-02	02-19
Fiji	5-Aug-75	76-01
Indonesia	2-Jan-73	73-10
Japan	2-Jan-73	73-10
Korea	2-Jan-73	73-10
Kiribati	12-Mar-02	02-09
Laos	2-Jan-73	73-10
Malaysia	2-Jan-73	73-10
Marshall Islands	6-Jan-93	93-19
Micronesia	6-Jan-93	93-08
Mongolia	22-Aug-95	95-38
New Zealand	2-Jan-73	73-10
Palau	12-Mar-02	02-09
Papua New Guinea	4-Dec-80	80-29
Philippines	2-Jan-73	73-10
Samoa	6-Jan-93	93-13



Singapore	2-Jan-73	73-10
Solomon Islands	6-Jan-93	93-11
Taiwan	2-Jan-73	73-10
Thailand	2-Jan-73	73-10
Tonga	5-Nov-87	88-03
Tuvalu	12-Mar-02	02-09
Vanuatu	6-Jan-93	93-12
Vietnam	29-Dec-06	07-09
<b>Europe &amp; Eurasia</b>		
Albania	22-Mar-94	94-18
Armenia	18-Apr-02	02-15
Austria	2-Jan-73	73-10
Azerbaijan	18-Apr-02	02-15
Belgium	2-Jan-73	73-10
Bosnia and Herzegovina	23-Feb-96	96-10
Bulgaria	22-Mar-94	94-18
Croatia	8-Apr-99	99-21
Czech Republic	5-Jan-94	94-09
Denmark	2-Jan-73	73-10
Estonia	22-Mar-94	94-18
Finland	2-Jan-73	73-10
France	2-Jan-73	73-10
Georgia	11-Mar-97	97-19
Germany	2-Jan-73	73-10
Greece	2-Jan-73	73-10
Hungary	6-Dec-91	92-07
Iceland	2-Jan-73	73-10
Ireland	2-Jan-73	73-10
Italy	2-Jan-73	73-10
Kazakhstan	11-Mar-97	97-19
Kyrgyzstan	11-Mar-97	97-19
Latvia	22-Mar-94	94-18
Lithuania	22-Mar-94	94-18
Luxembourg	2-Jan-73	73-10
Macedonia	8-Mar-96	96-18
Malta	2-Jan-73	73-10
Moldova	11-Mar-97	97-19
Netherlands	2-Jan-73	73-10

<b>Europe &amp; Eurasia, Cont'd</b>	<b>Date</b>	<b>Determination No.</b>
Norway	2-Jan-73	73-10
Poland	6-Dec-91	92-08
Portugal	2-Jan-73	73-10
Romania	22-Mar-94	94-18
Russia	11-Mar-97	97-19
Serbia	6-May-03	03-22
Slovakia	5-Jan-94	94-10
Slovenia	8-Mar-96	96-18
Spain	2-Jan-73	73-10
Sweden	2-Jan-73	73-10
Switzerland	2-Jan-73	73-10
Tajikistan	18-Apr-02	02-15
Turkey	2-Jan-73	73-10
Turkmenistan	11-Mar-97	97-19
Ukraine	11-Mar-97	97-19
United Kingdom	2-Jan-73	73-10
Uzbekistan	11-Mar-97	97-19
<b>Near East</b>		
Algeria	10-Apr-85	85-12
Bahrain	2-Jan-73	73-10
Egypt	1-Aug-77	77-17
Iran	2-Jan-73	73-10
Iraq	21-Jul-04	04-40
Israel	2-Jan-73	73-10
Jordan	2-Jan-73	73-10
Kuwait	2-Jan-73	73-10
Lebanon	2-Jan-73	73-10
Libya	2-Jan-73	73-10
Morocco	2-Jan-73	73-10
Oman	2-Jan-73	73-10
Qatar	2-Jan-73	73-10
Saudi Arabia	2-Jan-73	73-10
Tunisia	2-Jan-73	73-10
United Arab Emirates	2-Jan-73	73-10
Yemen	2-Jan-73	73-10

<b>South Asia</b>	<b>Date</b>	<b>Determination No.</b>
Afghanistan	2-Jan-73	73-10
Bangladesh	31-Dec-80	81-01
India	2-Jan-73	73-10
Nepal	2-Jan-73	73-10
Pakistan	2-Jan-73	73-10
Sri Lanka	2-Jan-73	73-10
<b>Western Hemisphere</b>		
Antigua & Barbuda	8-Apr-82	82-12
Argentina	2-Jan-73	73-10
Bahamas	13-Dec-78	79-09
Barbados	21-Jun-79	79-11
Belize	23-Nov-81	82-02
Bolivia	2-Jan-73	73-10
Brazil	2-Jan-73	73-10
Canada	2-Jan-73	73-10
Chile	2-Jan-73	73-10
Colombia	2-Jan-73	73-10
Costa Rica	2-Jan-73	73-10
Dominica	13-Mar-80	80-14
Dominican Republic	2-Jan-73	73-10
Ecuador	2-Jan-73	73-10
El Salvador	2-Jan-73	73-10
Grenada	3-Apr-84	84-06
Guatemala	2-Jan-73	73-10
Guyana	30-Aug-93	93-35
Haiti	2-Jan-73	73-10
Honduras	2-Jan-73	73-10
Jamaica	2-Jan-73	73-10
Mexico	2-Jan-73	73-10
Nicaragua	2-Jan-73	73-10
Panama	2-Jan-73	73-10
Paraguay	2-Jan-73	73-10
Peru	2-Jan-73	73-10
St. Kitts-Nevis	9-Apr-84	84-07
St. Lucia	13-Mar-80	80-14
St. Vincent & Grenadines	13-Mar-80	80-14
Suriname	14-Apr-76	76-12

<b>Western Hemisphere, Cont'd</b>	<b>Date</b>	<b>Determination No.</b>
Trinidad & Tobago	2-Jan-73	73-10
Uruguay	2-Jan-73	73-10
Venezuela	2-Jan-73	73-10
<b>International Organization</b>		
Economic Community of West African States (ECOWAS)	17-Feb-00	00-13
NATO and its Agencies	2-Jan-73	73-10
African Union	24-Sep-04	04-50
Organization of African Unity (Succeeded by the African Union)	25-Aug-92	92-44
Organization of American States	2-Jan-73	73-10
Organization for Security and Cooperation in Europe	30-Jun-99	99-31
Regional Security Systems	4-Jan-04	04-20
United Nations and its Agencies	2-Jan-73	73-10

Pursuant to Section 25(a)(8) of the Arms Export Control Act (AECA) and Section 503 of the Foreign Assistance act, as amended (FAA), the above is a listing of the countries and international organizations that the President has determined to be eligible under Section 3(a)(1) of the AECA to purchase defense articles and services. A determination of record under Section 3(a)(1) exists does not signify in itself that sales will be made.

## End-Use Monitoring of Defense Articles and Services

### Government-to-Government Services

#### Introduction

In 1996, Congress amended [Public Law 104-164] Section 40A [22 U.S.C. 2785] of the Arms Export Control Act "...requiring that the President establish a program which provides for the end-use monitoring of defense articles and defense services sold, leased, or exported under this Act or under the Foreign Assistance Act of 1961. Section 40A requires that to the extent practicable, such program shall be designed to provide reasonable assurances that the recipient is complying with the requirements imposed by the United States Government with respect to the use, transfers, and security of defense articles and monitoring of U.S. arms transfers, and security of defense articles and services." Section 40A also requires an annual report to Congress on the actions taken to implement the end-use monitoring program, to include detailed accounting of costs and number of personnel associated with the monitoring program. This report describes the actions the Department of Defense is taking to comply with its end-use monitoring requirements in accordance with the Arms Export Control Act (AECA).

#### Department of Defense (DoD) End-Use Monitoring (EUM) - Golden Sentry

As the Executive Agency responsible for managing DOD's foreign military sales program the Defense Security Cooperation Agency developed the Golden Sentry program to comply with Section 40A of the AECA. Through the Golden Sentry Program, DOD monitors government-to-government transfers to ensure that defense articles and services provided by the United States Government (USG) are utilized and safeguarded in accordance with the terms and conditions for the transfers. Primarily, Golden Sentry's objectives are to minimize security risks to the U.S., its friends and allies, and to ensure compliance with the technology control requirements that are associated with U.S.-origin arms transfers via government-to-government programs.

In compliance of the AECA within DoD, EUM is a multi-phased process:

#### DoD Processes *Prior* to Any Transfer- Pre-checks and Vetting

There is carefully established process between the DOD and the Department of State (DOS) to thoroughly review and debate all sensitive arms transfers before a consensus is reached. In view of the serious consequences of the proliferation of dangerous weapons and technologies, we believe by 'front-loading' this array of processes and procedures we mitigate these risks.

"Each proposed transfer is thoroughly vetted by many different organizations and offices to ensure releasability, disclosure, and other concerns are addressed. The most important measures placed on these exports,, involve establishing the trustworthiness of the end-user and the actual "end-use" of the defense article *before* a determination is made regarding a transfer. Foreign customers' requests for significant military equipment are coordinated closely with the combatant commanders and the U.S. country team. The U.S. country team must assess several aspects of the transfer to include political impacts in the region as well as the ability of the host nation and the security assistance organization in country to properly perform their end-use monitoring responsibilities. The endorsement of the combatant commander and consistency with the Theater

Security Cooperation strategy and implementation plans are critical. During this “pre-sale” process, determinations are made as to whether a country has the will and the capability to secure, account for, and operate these systems within the requirements established by the United States. For some systems, approval must be obtained from the National Disclosure Policy Committee for release to each specific country. Finally, a formal notification is provided to the Congress before any offers of transfer are made. These notifications clearly identify the customer and the capability being proposed for transfer and provide an opportunity for further discussion or Congressional disapproval of a proposed transfer.”

#### DoD Processes *During* Transfer- Government-to-Government Agreements

All transfers of defense articles,, services, or training are provided utilizing the Foreign Military Sales Program, are conducted under a government-to-government agreement (known as a Letter of Offer and Acceptance or “LOA”) between the United States and the foreign government or international organization. This agreement specifies the type and quantities of items to be sold, as well as any unique conditions regarding end-use monitoring requirements that might be necessary based on the complexity or sensitivity of the equipment or technologies being provided. The LOA may require the country to secure, account for, and operate the systems in accordance with provisos that equal the requirements of the U.S. Military Departments. The conditions of the LOA may also state that USG officials may travel in country to physically inventory or otherwise monitor the use of specific types of equipment---either as part of routine visits or to verify reports of unauthorized use. Signing the document commits the purchaser to the conditions established on the LOA. DOD remains sensitive to issues of sovereignty with all U.S. friends and allies, and, therefore, efforts are constantly made to ensure that these governments are informed and understand the requirements of end-use monitoring mandated by U.S. law. DSCA processed approximately 4272 LOAs in FY06 with 782 rejects/returns to the implementing agencies for policy and/or administrative reasons.

#### DoD Processes *After* Transfer - End-Use Monitoring and Compliance

The purpose of the “Golden Sentry” program is to scrutinize the foreign purchaser’s use of defense articles and services (to include training) to ensure their use is in compliance with the agreements under which they were provided. The “Golden Sentry” program is relatively new. It was initiated in 2001, and is still in the process of promulgating procedures throughout the security assistance/cooperation community. The program levies monitoring and compliance requirements to foreign governments, U.S. security assistance organizations worldwide, as well as our military departments. It also comprises of compliance visits where EUM “Tiger Teams” travel to determined countries to ensure proper end-use and accountability procedures are being used by our foreign partners and security assistance personnel.

DSCA’s priority is the Enhanced EUM program that monitors: man portable air defense systems (MANPADS), such as Stinger Missiles and gripstocks; long range, highly capable man portable land attack missiles (such as JAVELIN and Tube-Launched, Optically-Tracked, Wire-Guided missile (TOW-2B)); and beyond visual range air-to-air missiles (such as the AIM-120 AMRAAM). Other items on the Enhanced EUM list include Night Vision Devices, Communications Security (COMSEC) Equipment, and Grant Assistance defense articles and services provided under the provision of Section 505 of the FAA, e.g., Military Assistance Program (MAP), Foreign Military Financing, et al. Additional Enhanced EUM items that were added in 2004 were the AIM9X Sidewinder, the Harpoon Block II missiles and the entire family of precision guided munitions, i.e., the Joint Stand-Off Weapon (JSOW), Unmanned Aerial Vehicles (UAV) and the Joint Direct Attack Munitions (JDAM). In 2006, Joint Air-to-Surface

Standoff Missile (JASSM) and Special Provisions pertaining to specific countries' Physical Security and Accountability with the transfer were also added to the Enhanced EUM list.

DSCA has published four policy memoranda to promulgate clearly the direction of the EUM Golden Sentry program. Three additional policy memoranda are currently in staffing.

1. The first memorandum published was "End-Use Monitoring (EUM) Responsibilities in Support of the Department of Defense Golden Sentry EUM Program (DSCA Policy Memo 02-43)," dated 4 December 2002. This policy delineated the responsibilities of the security assistance/cooperation community in support of the Golden Sentry program.
2. The second policy memorandum was titled "Revised Guidance for Stinger/Man Portable Air Defense Systems (MANPADS) (DSCA Policy Memo 03-10)," dated 4 June 2003. This memorandum increased the U.S. inventory requirement by the security assistance organizations from 5% to 100% annually of foreign Stinger missiles, grip stocks and essential components.
3. A third policy memorandum is titled "Golden Sentry End-Use Monitoring (EUM) Visits Policy (DSCA Policy memo 04-11) dated 2 April 2004. This memorandum provides defined guidance for the conduct of three types of EUM visits: Familiarization, Tiger Team and Investigative.
4. The fourth policy memorandum was titled Golden Sentry End-Use Monitoring (EUM) STINGER Missile and Gripstock Inventory Standardized Procedures (DSCA Policy Memo 05-10) dated 29 March 2005. This policy promulgates a more refined procedure for Stinger Missile and gripstock inspection requirements. Additionally, it mandates all USG representatives adhere to the standards within the checklist in the conduct of Stinger missiles and gripstock inventories.
5. The fifth policy memorandum currently in staffing is titled End-Use Monitoring (EUM) Policy Guidance for Funding (DSCA Policy Memorandum 07-XX). Since resources are currently managed at HQ DSCA for unfunded EUM requirements, this policy will disseminate to the Security Assistance Community the proper procedures for obtaining resources for PE 27 EUM. (Program Element 27 (PE 27) accounts for the resources needed to implement the Department of Defense's Golden Sentry EUM program throughout the security cooperation community).
6. The sixth policy memorandum also in staffing is titled End-Use Monitoring (EUM) Policy Guidance for Shipment/Delivery/Inventory Reporting (DSCA Policy Memorandum 07-XX). This memorandum fulfills the requirement, IAW Section 40A of AECA, to report to Congress on the actions taken to implement the end-use monitoring program to include detailed accounting of costs via a Manpower/Resource utilization report.
7. The seventh policy memorandum in final staffing is titled End-Use Monitoring (EUM) Policy Guidance for Adding/Removing Defense Items to/from the Enhanced EUM Listing (DSCA Policy Memorandum 07-XX). The articles that appear on the Enhanced

EUM list comes from the appropriate Military Departments or the Interagency, through the export policy, record of actions, the release process, special physical security and accountability regulations or with legal requirements.

The first four policy memorandums have been incorporated into the Security Assistance Management Manual (SAMM). Furthermore, in February 2007, DSCA will refine its guidance for implementation of DoD responsibilities in support of the Golden Sentry End-Use Monitoring program by publishing the three latter policy memorandums, which are currently in staffing. Once staffing has been completed, we will publish policy guidance that addresses how the EUM community shall budget funding for new Enhanced EUM requirements and end of year data reporting formats to more accurately meet future congressional reporting requirements for the Congressional Budget Justification (CBJ).

#### Efforts since FY2007 CBJ report

Resources: For FY06, DSCA has budgeted and manages the \$1.4M for Enhanced EUM at its headquarters. In addition to the Program Manager hired in 2002, DSCA has added four full-time civilian employees: Additionally, funding was provided for three additional contractors to expedite full deployment of the Security Cooperation Information Portal (SCIP) EUM application.

Security Assistance Organization (SAO) EUM Workload Surveys: EUM activity was added to the annual SAO tasking as a separate workload measure in 2003. A detailed explanation was developed to clarify which tasks performed by SAOs should be included in the EUM category, thereby capturing the resource expenditures associated with the performance of "Routine" and "Enhanced" EUM by the SAO.



*Actual for FY06*

	<b>EUM WORKLOAD SURVEY</b>	<b>TOTAL SAO FUNDING</b>
CENTCOM	356.4	17818.7
EUCOM	970.9	24272.1
NORTHCOM	16.3	815.9
PACOM	497.7	9954.6
SOUTHCOM	885.4	11067.0
TOTAL	2726.7	63928.3

**\*Figures are represented in the thousands**

*Estimated for FY07*

	<b>EUM WORKLOAD SURVEY</b>	<b>TOTAL SAO FUNDING</b>
CENTCOM	353.39	17669.5
EUCOM	1036.9	25921.3
NORTHCOM	17.5	876.9
PACOM	544.3	10886.3
SOUTHCOM	1007.4	11193.0
TOTAL	2959.49	66547

**\*Figures are represented in the thousands**

DSCA and the Defense Threat Reduction Agency (DTRA) On-Site Inspection Directorate Partnership: In 2004, DSCA and DTRA established a joint long-term support relationship, which will improve the DoD End-Use Monitoring program. DSCA will maintain overall operational authority and management responsibility for DoD's EUM program. DTRA will assist DSCA with supplemental manpower support in the conduct of Enhanced EUM missions worldwide to the degree possible with its ongoing missions.

EUM Tiger Team visits: A cornerstone of the Golden Sentry EUM program is the Tiger Team visits. EUM Tiger Team visits: 1) to assess USG representatives and host nations' compliance with transfer provisos and other conditions of sales, and/or 2) visits to follow-up potential violations of the AECA, FAA, or other transfer agreements, e.g., compliance visits. Six EUM Tiger Team assessment visits were conducted in FY2006. The visit objectives are to:

1. Assess a specific country team or regional command's overall EUM compliance program.
2. Assess a country's compliance with specific physical security and accountability agreements through facility visits, records review, and review of local security policies and procedures.
3. Conduct routine or special inventories of U.S.-origin defense articles and/or services.

4. Appraise possible violations of the AECA, FAA, and/or other transfer instruments, e.g., Bi/Multi-Lateral Memorandum of Agreement or Understanding and other Implementing Agreements.

The Way Ahead

Resources: \$1.4 million is projected towards PE #27 (Enhanced EUM) in FY07 to be managed at the DSCA Headquarters.

EUM Workload Survey: Projected for FY08

	<b>PROJECTED EUM WORKLOAD SURVEY</b>	<b>TOTAL SAO FUNDING</b>
CENTCOM	356.4	17819.5
EUCOM	1052.5	26312.3
NORTHCOM	17.9	895.9
PACOM	438.7	10967.3
SOUTHCOM	1021.6	11351.0
<b>TOTAL</b>	<b>2887.1</b>	<b>70982</b>

**\*Figures are represented in the thousands**

EUM Automation Support: In 2005 DSCA increased funding for the development of an automation tool that incorporates end-use monitoring functions for the security assistance/cooperation community. The implementing agencies, the combatant commanders, the SAO and host nations are now able to “read” Enhanced EUM inputs in a real-time, secure and “compartmentalized” environment via the web. The EUM function also notifies users when: items are shipped, items are received, inventories are delinquent, inventories are performed, and provide a variety of other standard reports. The EUM application also allows authorized users to establish, update, dispose, delete and indicate transfers of the Enhanced EUM items. As of January 2005, The EUM application completed “beta-testing” in February 2005 and completed full deployment of the EUM application in 2005. Currently, residing in SCIP EUM there are 61 countries comprising over 70,000 Enhanced EUM articles for all Combatant Commands.

Outreach Programs: Golden Sentry continues its outreach program through Familiarization Visits and via attendance at conferences hosted by the Combatant Commands, hosting EUM “worldwide” meetings, engaging in bi-lateral and other stakeholders’ meetings in various venues worldwide. This outreach has tremendously contributed to a greater understanding of the “Golden Sentry” program, thereby strengthening awareness of U.S. export controls. Additionally, outreach has proven to be a useful instrument in support of broader U.S. policy goals related to being a responsible arms provider.

EUM Regional Forums: Defense Security Cooperation Agency together with the Combatant Commands will be conducting quarterly regional forums. The purpose of EUM Regional Forums is to familiarize the Security Assistance Community with the objectives of the Golden Sentry Program, to provide insight into the latest EUM and other policy issues and offer hands-on EUM training on the SCIP EUM application (SAO/TOOLBOX).

**Conclusion:**

Although we recognize that EUM work is yet to be done, there have been, thus far, many achievements. The momentum is positive and the EUM Golden Sentry program direction is headed in the right direction. We look forward to further accomplishments in FY07 and beyond.

## **End-Use Monitoring of Defense Articles and Defense Services Commercial Exports FY 2006**

This report describes actions taken by the Department of State during the past fiscal year to implement the “Blue Lantern” end-use monitoring program. The Blue Lantern program is established under Section 40A of the Arms Export Control Act (AECA) to monitor the end-use of commercially exported defense articles, services, and related technical data subject to licensing under Section 38 of the AECA. The Directorate of Defense Trade Controls, in the Bureau of Political-Military Affairs (PM/DDTC), Department of State, is responsible for administering the International Traffic in Arms Regulations (ITAR) that implement the AECA. DDTC’s functions include registration of manufacturers, brokers, and exporters, licensing of commercial defense trade, overseeing compliance with U.S. export regulations, supporting U.S. law enforcement agencies in criminal investigations and prosecutions of AECA violations, as well as the end-use monitoring of licensed transactions. The Blue Lantern program is managed within PM/DDTC by the Office of Defense Trade Controls Compliance’s (DTCC) Research and Analysis Division (RAD). Blue Lantern end-use monitoring entails pre-license or post-shipment checks undertaken to verify the legitimacy of a transaction and to provide “reasonable assurance that –

- i) the recipient is complying with the requirements imposed by the United States Government with respect to use, transfers, and security of the defense articles and defense services; and
- ii) such articles and services are being used for the purposes for which they are provided.”

### Overseas End-use Monitoring: The Blue Lantern Program

Initiated in September 1990 and written into law under Section 40A of the AECA in 1996 as the USG’s first systematic end-use monitoring program, the Blue Lantern program has strengthened the effectiveness of U.S. export controls and has proven to be a useful instrument in: 1) deterring diversions to unauthorized end-users, 2) aiding the disruption of illicit supply networks used by governments under U.S. or international restrictions and sanctions and international criminal organizations, and 3) helping the Department to make informed licensing decisions and to ensure compliance with the AECA and the ITAR. End-use checks performed under the Blue Lantern program have significantly encouraged compliance with legal and regulatory requirements and have proven particularly effective in combating the global “gray arms” trade. “Gray arms” refers to the use of fraudulent export documentation or deliberate misrepresentation of the facts of a transaction to acquire defense articles through legitimate channels for re-transfer to unauthorized end-users. U.S. embassy personnel, or, in some instances, DDTC personnel, conduct Blue Lantern end-use checks overseas to verify the *bona fides* of unfamiliar foreign companies, to ensure delivery of licensed United States Munitions List (USML) commodities to proper end-users and confirm proper end-use, and to determine compliance with DDTC licensed agreements.

Last year, DDTC received and reviewed over 70,000 license applications and other export requests, most of them routine and legitimate. A small percentage of cases, however, may be subject to unauthorized or illicit activity. Blue Lantern checks are not conducted randomly, but are rather the result of a careful selection process to identify transactions that appear most at risk for diversion or misuse. License applications and other requests undergo review by licensing officers and compliance specialists, who check case details against established criteria for determining potential risks: unfamiliar foreign parties, unusual routing, overseas destinations with a history of illicit activity or weak export/customs controls, commodities not known to be in the inventory of the host country’s armed forces and other indicators of concern. The information

derived from Blue Lantern checks help DDTC licensing officers and compliance specialists to assess risks associated with the export of certain defense articles to various countries and regions, and provides significant insight into the reliability of companies and individuals involved in defense procurement overseas.<sup>2</sup>

#### Blue Lantern End-Use Checks in FY 2006

For the third year in a row, a record number of new Blue Lantern cases were initiated. In FY 2006, DDTC initiated 613 end-use checks: a nine percent increase over last year's 562 checks, but still only a small fraction – less than one percent – of the over 70,000 license applications or other export requests received during the fiscal year. Four hundred and eighty-nine Blue Lantern cases were closed in FY 2006, with 94 determined to be “unfavorable” – a rate of nineteen percent – and also a record.

The charts on the following page illustrate the regional distribution of all export requests compared to all Blue Lantern checks and to all unfavorable Blue Lantern checks

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<sup>2</sup> Because Blue Lantern checks are selected based on potential risk and not a random sampling across all DDTC licenses, data on unfavorable checks should not be regarded as statistically representative of all license applications.

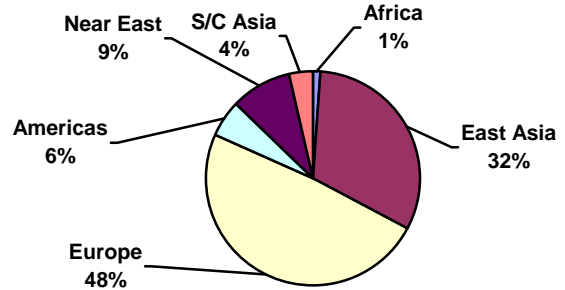
As illustrated in Figure 1, nearly 50% of all license applications were for exports to Europe, followed by East Asia, far behind with 32%.

As Figure 2 illustrates, the regional breakdown of Blue Lantern checks does not necessarily match that of licenses. Europe has relatively fewer Blue Lantern checks (31%) proportionate to the number of licenses (49%), whereas the Americas – representing only 6% of export requests globally – were the site of 19% of Blue Lanterns.

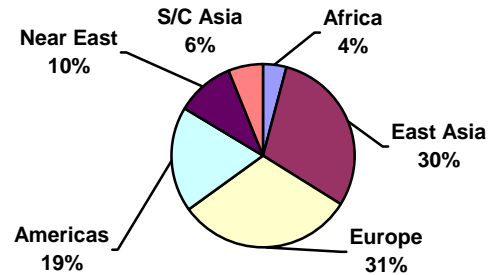
Unfavorable Blue Lantern results by region vary even further. Nearly 40% of unfavorable Blue Lantern cases were in the Americas – despite the fact that the region represents only 19% of all Blue Lanterns and only 6% of all licenses. Though not as dramatically, East Asia also represents a high number of unfavorable cases, whereas Europe is proportionally lower compared to its overall share of licenses.

Figures 1, 2, and 3:

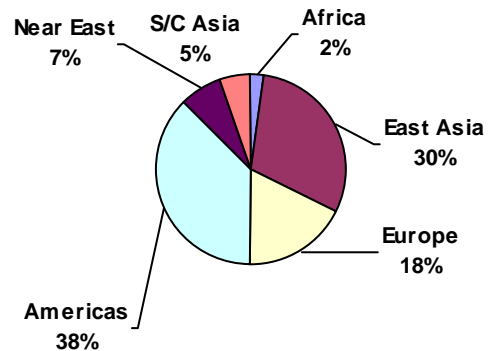
**Total License Applications by Region FY 2006**



**Total Blue Lanterns by Region FY 2006**



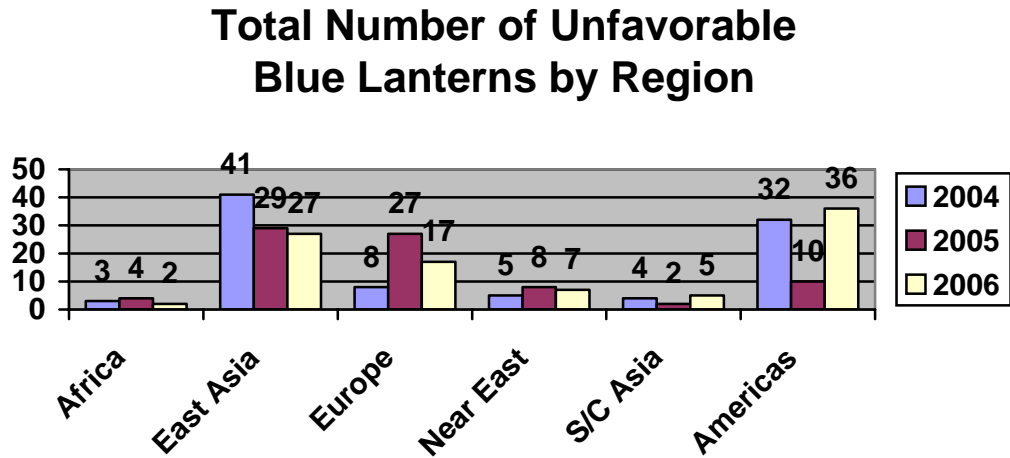
**Total Unfavorable Blue Lanterns by Region FY 2006**



Analysis of Unfavorable Checks by Region: FY 2004 - 2006

Over time, numbers of unfavorable Blue Lantern checks by region can fluctuate considerably. Despite a high number of unfavorable cases in the Americas (36) for FY 2006, last year's total for the same region was relatively low (10). Conversely, Europe dropped from twenty-seven unfavorable cases in FY 2005 to seventeen in FY 2006. East Asia maintained relatively high numbers of unfavorable cases over the past three years and the Near East, regionally the site of relatively low numbers of licenses, held fairly steady.

Figure 4

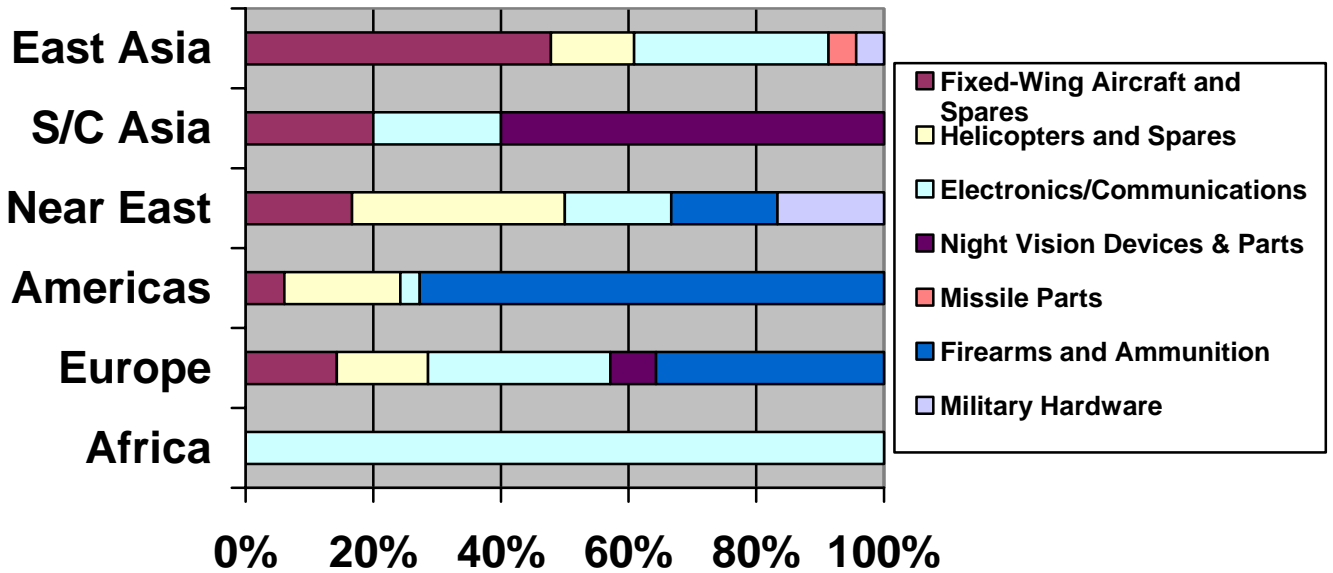


Analysis of Unfavorable Checks by Commodity and Region

The chart below (Figure 5) illustrates the types of commodities most often the subject of unfavorable Blue Lanterns by region. Of particular note is the very high incidence of unfavorable cases involving firearms and ammunition in the Americas (over 70% of all cases for the region). The high incidence of unfavorable checks involving firearms and ammunition in the region is a fairly regular pattern in recent years. Especially high numbers this year reflect increased scrutiny of unfamiliar importers in Central and South America, and several cases involving unauthorized brokers and dealers possibly illicitly re-exporting firearms. Also in keeping with an observable pattern over recent years are the high numbers of unfavorable Blue Lantern cases involving aircraft components and spares in East Asia. This trend appears to reflect a lack of understanding of ITAR controls by foreign intermediaries as well as likely attempts to re-export these commodities to embargoed countries such as China and Iran. The recent drop in unfavorable checks in Europe notwithstanding, annual results of the Blue Lantern program continue to demonstrate the presence of “gray market” activity in Europe and among other close U.S. allies and defense trade partners.

Figure 5

## FY 2006 Unfavorable Blue Lanterns: Leading Commodity Types by Region



### Reasons for Unfavorable Checks in FY 2006

- One or more parties deemed unreliable recipient of USML based on Blue Lantern check, or other derogatory information about parties uncovered: **37%**
- End-user reported that that they did not order the items of the license – indicating possible intent on the part of the exporter or other parties to violate the ITAR and AECA: **19%**
- End-use different than that stated on the license: **18%**
- Parties not listed on the license involved in the transaction: **11%**
- One or more parties violated terms of an agreement or proviso on the license: **5%**
- Unable to contact/locate a party to license: **4%**
- Evidence of diversion or unauthorized re-export: **3%**
- Refusal to cooperate: **2%**

### *Blue Lantern Case Studies FY 2006*

The following cases studies demonstrate some of the variety of problems that were found among this year's ninety-four unfavorable Blue Lanterns. In addition to representing different types of problems, many cases suggest that better due diligence on the part of the U.S. exporter could likely have prevented the problem from occurring. Better knowledge of foreign partners is



critical to avoiding both routine problems and serious attempts at illicit diversion. As most of these cases were pre-license checks, they also exemplify the importance of careful scrutiny of license applications applied by experienced licensing and compliance officers. In cases where derogatory information was sufficient, investigative leads were passed on to law enforcement or intelligence authorities:

### **Case Study #1: Phony End-User/Consignee**

#### **Request for Permanent Export**

*Item/End-Use:* Satellite components  
*End-User:* Professor at a Southeast Asian university  
*Foreign Consignee:* Unfamiliar Southeast Asian company

#### **Reasons for Check**

- Unfamiliar foreign consignee did not supply any supporting documentation from unfamiliar end-user
- Vague end-use statement

#### **Findings**

- No record of professor ever on faculty
- University specializes in medicine, has no satellite-related programs
- Application denied

**NOTE:** The same Southeast Asian company was listed on a separate export authorization request for radar components made by a different U.S. company. An additional Blue Lantern check found that the company was not listed in the public phone directory and that the number listed with a national trade bureau was for an unrelated private residence. The request was denied.

#### **Lessons Learned**

- Verify existence of end-user
- Confirm that commodity matches end-user's line of business
- Confirm existence of new foreign customers/end-users/consignees
- Conduct due diligence using public sources, including business directories, phone books, websites, etc.

## Case Study #2: End-User Did Not Order Parts

### **Request for Permanent Export**

*Item:* S-61 helicopter parts  
*End-user:* Southeast Asian civil airline company  
*Foreign Consignee:* Company in different Southeast Asian country

### **Reasons for Check**

- End-user never listed on a State license
- Southeast Asian airline's public website did not list S-61 helos in its fleet
- No documentation from end-user

### **Findings**

- End-user did not operate S-61 helicopters and never ordered the parts

### **Lesson Learned**

- Verify that commodity matches end-user's needs and business practices

## Case Study #3: Falsified End-Use Documentation

### **Request for Permanent Export**

*Item:* Microwave filters  
*End-User:* R&D entity in East Asia  
*Foreign Consignee:* East Asian company  
*U.S. Applicant:* Has done business with end-user in past

### **Reason for Check**

- Suspicious-looking end-user statement that did not match previous documents submitted by end-user (misspelling in letterhead, no date, white-outs, no company seal or signature, etc.)

### **Findings**

- Sole procurement officer for end-user did not place order
- Foreign consignee received order from a former employee of end-user who had been accused of corruption and suspended

### **Lesson Learned**

- Scrutinize and authenticate end-use documentation

#### Case Study #4: Undeclared Consignee

##### **Request for Permanent Export**

*Item:* F-100 jet engine parts  
*End-User:* South Asian Air Force  
*Foreign Consignee:* South Asian company

##### **Reason for Check**

- Sensitive defense article

##### **Findings**

- Consignee provided purchase order and other end-use documentation
- Consignee intended to ship the parts to South Asian end-user via a private Middle Eastern company not listed on the application
- Middle Eastern company was on DDTC's Watchlist
- Application returned without action (RWA)

##### **Lesson Learned**

- Identify and know all parties involved in a transaction

#### Case Study #5: Unauthorized End-Use

##### **Request for Permanent Export**

*Item/End-Use:* Military computer components for use in meteorological system  
*End-User:* Unfamiliar Eastern European company  
*Foreign Consignee:* Familiar Eastern European company

##### **Reason for Check**

- Unfamiliar foreign end-user

##### **Findings**

- Foreign Consignee confirmed order from end-user
- End-user primarily engaged in nuclear systems integration, only recently expanded into meteorological systems
- End-user changed plans: intended to use components for nuclear power plant instead of meteorological system

##### **Lesson Learned**

- Ensure foreign parties understand end-use restrictions

## Case Study #6: Expired Agreement

### **Manufacturing License Agreement (MLA)**

*Item:* Aircraft braking systems  
*End-User:* East Asian military  
*Foreign Consignee:* East Asian defense company

### **Reason for Check**

- U.S. company submitted voluntary disclosure: MLA had expired a year ago

### **Findings**

- East Asian company refused to cease manufacture
- Blue Lantern *demarche* to East Asian government; manufacture halted
- DDTC determined that a new MLA was required
- Ceased production caused delays, interrupted “just-in-time delivery” for East Asian military

### **Lessons Learned**

- Monitor/maintain agreements (parties, reports, expiration, provisos)
- Communicate terms/conditions of agreements to foreign parties

## Case Study #7: Unauthorized Re-Transfer

### **Three Related Blue Lantern Checks**

*Items:* Two helicopters  
*Original End-User:* Middle Eastern military  
*Suspected Recipient of Re-Transfer:* Latin American company

### **Reason for Check**

- DDTC received information regarding an unauthorized retransfer of U.S.-origin helicopters purchased by a Middle Eastern country via the Foreign Military Sales program

### **Findings**

- Middle Eastern military had sold the helicopters to a private Middle Eastern company
- The private company sold the helicopters to a private end-user in Latin America, which in turn re-sold them to a private bank in another Latin American country
- The helicopters were eventually located in the possession of a company owned by a suspected money-launderer with alleged ties to paramilitary/terrorist groups
- Latin American authorities seized the helicopters

### **Lessons Learned**

- Re-transfer authorization is essential to ensuring that USML does not fall into hands of illegitimate end-users
- Ensure *bona fides* of all foreign consignees and end-users involved in a transaction

### Targeting: Increasing Focus on Agreements

Starting in 2004, and increasingly during FY 2006, the Blue Lantern program has sought to expand its traditional focus on DSP-5 (permanent exports of defense articles) licenses to include greater attention to licensed agreements. During FY 2006 eighteen Blue Lantern cases involved manufacturing license agreements (MLAs) (see case study #6 above), technical assistance agreements (TAAs), and warehouse and distribution agreements. Of these, five were found unfavorable. Whereas Blue Lantern checks on hardware exports allow the Department to check the bona fides of end-users and ascertain end-use of specific defense articles, Blue Lantern checks on agreements provide an opportunity to assure compliance with the provisions of these licensed agreements. As licensed agreements continue to grow as a proportion of defense trade cases overall, the Department anticipates continuing also to focus Blue Lantern efforts in this area.

### Expanding Blue Lantern Outreach Overseas and to Industry

Compliance with U.S. defense export laws and regulations is dependent on well-informed partners in industry, both at home and abroad, and in foreign governments. During the past two years, Blue Lantern outreach teams have visited nineteen countries in Europe, East Asia, Latin America, and the Middle East for consultations with foreign government officials, foreign companies, and Embassy country teams to improve understanding of U.S. end-use monitoring efforts and export laws and regulations in general. These Blue Lantern visits have been measurably successful in resolving difficulties with conducting end-use checks in specific countries and in staving off potential problems by explaining the mission and goals of the Blue Lantern program. In addition to these bilateral consultations, Blue Lantern teams have made presentations on U.S. end-use monitoring programs at a June 2006 export control conference sponsored by the German government (attended by delegations from fifty-five countries), expert group meetings of the European Union and the Wassenaar Arrangement, and at a major export control conference this past Fall in Washington DC attended by over 600 U.S. and foreign defense industry representatives. These outreach efforts directed to overseas and defense industry audiences were in addition to regular briefings and consultations with the federal law enforcement and intelligence community on the Department's end-use monitoring activities.

### **Commercial Exports Licensed or Approved Under the Arms Export Control Act**

The data in the following chart on commercial arms sales are compiled on the basis of information available to the Department as of January 2007. The first column, entitled “Actual Deliveries (preliminary)” shows the preliminary dollar value totals by destination of exports during fiscal year 2006. These export totals, which in some cases do not reflect defense training and technical assistance, are compiled from data found in the Automated Export System (AES). Not all this data has yet been validated by the Department of State. In the future, reporting of technical data exports directly to the State Department will allow a more accurate portrayal of “up-to-date” export transactions.

The second and third columns in the chart show the estimated dollar value totals by destination of possible deliveries in fiscal years 2007 and 2008. These estimates are based primarily on the dollar values of licenses approved for each destination during the prior two fiscal years (the dollar values of the authorized licenses are not shown here but captured in reports to the Congress made pursuant to section 655 of the Foreign Assistance Act of 1961, as amended. The value of permanent defense export authorizations in FY 2006 amounted to \$19.8 billion in defense articles and \$46.8 billion in defense services). Not all export approvals result in signed contracts and actual exports. Key factors that affect the final export value include the availability of the licensed item for shipping, and how quickly the expended license is returned to the Department. Other factors that cannot be quantified are economic and security considerations at the final destinations, as well as changing U.S. foreign policy and national security considerations. In exercising defense trade controls, the Department administers embargoes on commercial arms transfers to several countries in any given year as a result of U.S. law and foreign policy/national security considerations and UN Security Council decisions. A number of other countries are subject to special scrutiny due to non-proliferation, regional security (e.g., disputed territories or borders), or human rights concerns. Countries for which there were no actual deliveries in fiscal year 2006 and which had no authorized licenses for fiscal years 2005 and 2006 do not appear in this report.

The procedures for estimating defense commercial sales for out-years (fiscal years 2007 and 2008) were revised for the 1995 CPD. Previous procedures for such estimates called for extrapolating exports for the first year at forty percent of the actual dollar value of licenses approved in the previous two fiscal years. The second out year’s exports would have been estimated at sixty percent of that two-year total. However, based on historical data, the Department now estimates exports for the first out year (fiscal year 2007) to be ten percent of the total dollar value of approved licenses for the previous two fiscal years (fiscal years 2005 and 2006). The exports for the second out year (fiscal year 2008) are estimated to be fifty percent of those for fiscal year 2006.

**Commercial Exports Licensed or Approved Under the AECA**  
(Dollars in Thousands)

<i>Region Name</i>	<i>Country / Destination</i>	<i>Actual Deliveries FY 2006 (Preliminary)</i>	<i>Estimated Deliveries FY 2007</i>	<i>FY 2008</i>
<b>AFRICA</b>				
	ANGOLA	14,529	2,333	1,101
	BOTSWANA	7,937	1,577	2,097
	BURUNDI	89	7	37
	CAMEROON	2	324	1,243
	CAPE VERDE	486	71	356
	CENTRAL AFRICAN REPUBLIC	0	560	2,800
	CHAD	43	0	0
	COMOROS	2	500	0
	DJIBOUTI	2,521	438	1,084
	ERITREA	6	0	0
	ETHIOPIA	575	712	750
	GABON	82	3	0
	GAMBIA	361	16	31
	GHANA	477	184	37
	GUINEA	10	368	50
	IVORY COAST	4	0	0
	KENYA	1,888	867	3,108
	LIBERIA	1	20	5
	MALAWI	6	618	0
	MALI	74	807	37
	MAURITANIA	11	0	2
	MAURITIUS	1,869	2	0
	NAMIBIA	281	26	26
	NIGER	126	75	374
	NIGERIA	2,858	3,631	17,112
	RWANDA	388	616	85
	SENEGAL	394	19	93
	SIERRA LEONE	4	4	20
	SOUTH AFRICA	11,887	16,703	61,448
	SWAZILAND	11	0	0
	TANZANIA	265	13	66
	TOGO	483	8	40
	UGANDA	3,302	277	91
	ZAMBIA	265	1,011	53
	ZIMBABWE	0	7	37
	<b>AFRICA Totals :</b>	<b>51,237</b>	<b>31,797</b>	<b>92,183</b>

<i>Region Name</i>	<i>Country / Destination</i>	<i>Actual Deliveries</i>	<i>Estimated Deliveries</i>	
		<i>FY 2006 (Preliminary)</i>	<i>FY 2007</i>	<i>FY 2008</i>
<b><i>EAST ASIA &amp; PACIFIC</i></b>				
	AUSTRALIA	514,874	317,427	728,559
	BRUNEI	3,644	1,510	4,691
	CAMBODIA	150	31	65
	CHINA	404	0	0
	EAST TIMOR	29	0	0
	FIJI	62	9	0
	FRENCH POLYNESIA	31	22	6
	HONG KONG	2,314	908	1,862
	INDONESIA	20,108	18,606	66,469
	JAPAN	8,385,467	1,177,793	2,951,689
	KIRIBATI	0	34,001	52
	LAOS	10	0	0
	MACAU	0	3	0
	MALAYSIA	32,958	25,293	33,845
	MARSHALL ISLANDS	0	141	707
	MICRONESIA	32	0	0
	MONGOLIA	21	4	1
	NEW CALEDONIA	339	170	254
	NEW ZEALAND	37,073	29,813	102,651
	NIUE	53	0	0
	NORFOLK ISLAND	360	0	0
	PAPUA NEW GUINEA	4	4,143	20,691
	PHILIPPINES	10,915	6,741	10,709
	SINGAPORE	484,390	157,750	490,863
	SOUTH KOREA	2,297,565	633,530	632,424
	TAIWAN	5,322	200,000	200,000
	THAILAND	28,186	23,113	48,998
	TOKELAU	841	0	0
	TONGA	4	7	10
	VANUATU	0	1	7
	VIETNAM	57	0	0
	<b><i>EAST ASIA &amp; PACIFIC Totals :</i></b>	<b>11,825,213</b>	<b>2,631,016</b>	<b>5,294,553</b>



<i>Region Name</i>	<i>Country / Destination</i>	<i>Actual Deliveries</i>	<i>Estimated Deliveries</i>	
		<i>FY 2006 (Preliminary)</i>	<i>FY 2007</i>	<i>FY 2008</i>
<b><i>EUROPE &amp; EURASIA</i></b>				
	ALBANIA	971	267	1,268
	ANDORRA	16	21	27
	ARMENIA	270	166	825
	AUSTRIA	6,948	4,552	10,095
	AZERBAIJAN	257	911	2,838
	BELGIUM	310,479	59,191	75,423
	BOSNIA HERZEGOVINA	1,707	196	859
	BRITISH INDIAN OCEAN	2,051	0	0
	BULGARIA	2,749	2,516	9,358
	CROATIA	817	943	3,897
	CYPRUS	8,069	21,986	51
	CZECH REPUBLIC	4,769	1,934	3,795
	DENMARK	59,746	35,763	105,795
	ESTONIA	839	389	1,208
	FINLAND	16,916	9,890	10,871
	FRANCE	347,148	437,074	277,010
	GEORGIA	56,953	867	2,819
	GERMANY	2,617,465	357,691	846,152
	GREECE	266,731	109,807	414,250
	GREENLAND	111	129	581
	HUNGARY	2,216	946	2,038
	ICELAND	73,467	433	178
	IRELAND	7,091	5,490	17,406
	ITALY	886,568	173,227	551,237
	KAZAKHSTAN	4,102	13,133	3,308
	KYRGYZSTAN	55,289	230	39
	LATVIA	1,080	519	1,965
	LIECHTENSTEIN	14	1	3
	LITHUANIA	685	250	934
	LUXEMBOURG	49,708	43,855	45,706
	MACEDONIA	4,496	722	1,502
	MALTA	13	126	621
	MOLDOVA	12	234	825
	MONACO	0	260	0
	NETHERLANDS	260,827	72,483	167,568
	NORWAY	181,267	70,310	184,774
	POLAND	104,304	45,242	56,036
	PORTUGAL	18,972	8,150	13,968

<i>Region Name</i>	<i>Country / Destination</i>	<i>Actual Deliveries</i>	<i>Estimated Deliveries</i>	
		<i>FY 2006 (Preliminary)</i>	<i>FY 2007</i>	<i>FY 2008</i>
<b><i>EUROPE &amp; EURASIA (cont.)</i></b>				
	ROMANIA	17,773	5,655	17,016
	RUSSIA	8,742	53,605	263,385
	SERBIA & MONTENEGRO	144	6,612	1,282
	SLOVAKIA	4,949	1,503	5,104
	SLOVENIA	2,195	743	1,495
	SPAIN	164,292	64,775	218,811
	SVALBARD AND JAN	0	1	5
	SWEDEN	138,554	73,804	184,696
	SWITZERLAND	60,421	24,410	59,705
	TAJIKISTAN	582	1,098	1,440
	TURKEY	271,720	241,054	490,831
	TURKMENISTAN	74	7	37
	UKRAINE	6,777	48,133	238,745
	UNITED KINGDOM	2,331,133	1,473,864	3,117,146
	UZBEKISTAN	134	393	636
	VATICAN CITY	1	0	0
	<b><i>EUROPE &amp; EURASIA Totals :</i></b>	<b>8,362,614</b>	<b>3,475,561</b>	<b>7,415,564</b>
<b><i>NEAR EAST</i></b>				
	ALGERIA	243,368	37,933	175,052
	BAHRAIN	871,438	7,352	26,026
	EGYPT	327,145	29,505	56,983
	IRAQ	1,673,519	103,358	146,196
	ISRAEL	1,201,424	260,275	668,067
	JORDAN	72,667	17,938	39,016
	KUWAIT	1,609,209	32,664	79,555
	LEBANON	82	720	3,319
	LIBYA	33	350	1,751
	MOROCCO	22,114	5,943	18,871
	OMAN	208,737	5,790	14,870
	QATAR	328,409	10,277	24,557
	SAUDI ARABIA	124,840	38,205	109,633
	TUNISIA	21,723	3,143	3,237
	UNITED ARAB EMIRATES	1,464,928	451,112	182,311
	YEMEN	1,155	4,021	16,272
	<b><i>NEAR EAST Totals :</i></b>	<b>8,170,791</b>	<b>1,008,586</b>	<b>1,565,716</b>

<i>Region Name</i>	<i>Country / Destination</i>	<i>Actual Deliveries FY 2006 (Preliminary)</i>	<i>Estimated Deliveries</i>	
			<i>FY 2007</i>	<i>FY 2008</i>
<b>NON-REGIONAL</b>				
	CLASSIFIED TOTALS	170,356	1,000,000	1,000,000
	<b>NON-REGIONAL Totals :</b>	<b>170,356</b>	<b>1,000,000</b>	<b>1,000,000</b>
<b>SOUTH ASIA</b>				
	AFGHANISTAN	532,178	56,955	51,315
	BANGLADESH	2,283	2,971	13,819
	INDIA	39,673	27,784	92,948
	MALDIVES	68	37	183
	NEPAL	54	55	263
	PAKISTAN	182,918	27,613	72,159
	SRI LANKA	1,334	2,059	7,392
	<b>SOUTH ASIA Totals :</b>	<b>758,508</b>	<b>117,474</b>	<b>238,079</b>
<b>WESTERN HEMISPHERE</b>				
	ANGUILLA	2	0	1
	ANTIGUA-BARBUDA	245	40	177
	ARGENTINA	23,189	11,885	28,894
	ARUBA	553	14	30
	BAHAMAS	5,408	32	145
	BARBADOS	687	126	245
	BELIZE	549	5,881	8,194
	BERMUDA	49	311	1,537
	BOLIVIA	10,871	1,213	5,447
	BRAZIL	42,348	21,226	31,041
	BRITISH VIRGIN ISLANDS	5	1	3
	CANADA	1,311,762	312,045	997,145
	CAYMAN ISLANDS	375	6	18
	CHILE	39,426	43,122	184,667
	COLOMBIA	157,523	42,542	151,058
	COSTA RICA	1,643	3,303	11,152
	DOMINICA	5	11	34
	DOMINICAN REPUBLIC	2,598	4,422	17,351
	ECUADOR	3,958	4,781	10,960
	EL SALVADOR	11,588	392	640
	FALKLAND ISLANDS	4,721	0	0
	FRENCH GUIANA	485,587	54,111	145,525
	GRENADA	65	9	45
	GUATEMALA	807	228	482

<i>Region Name</i>	<i>Country / Destination</i>	<i>Actual Deliveries</i>	<i>Estimated Deliveries</i>	
		<i>FY 2006 (Preliminary)</i>	<i>FY 2007</i>	<i>FY 2008</i>
<b>WESTERN HEMISHERE (cont.)</b>				
	GUYANA	63	10	30
	HAITI	4,238	216	7
	HONDURAS	7,827	326	565
	JAMAICA	1,210	323	1,019
	MEXICO	116,002	86,943	227,814
	MONTSERRAT	5	1	2
	NETHERLANDS ANTILLES	2,130	283	447
	NICARAGUA	536	180	543
	PANAMA	1,389	332	1,342
	PARAGUAY	498	171	740
	PERU	12,073	7,205	31,995
	ST KITTS AND NEVIS	1,130	1,801	9,006
	ST LUCIA	19	16	56
	ST VINCENT & GRENADINES	14	3	8
	SURINAME	42	16	40
	TRINIDAD & TOBAGO	273	519	995
	TURKS & CAICOS	9	2	5
	URUGUAY	689	562	2,611
	VENEZUELA	13,893	5,558	4,008
	<b>WESTERN HEMISPHERE Totals :</b>	<b>2,266,004</b>	<b>610,168</b>	<b>1,876,024</b>
	<b>Grand Totals</b>	<b>31,604,723</b>	<b>8,874,602</b>	<b>17,482,119</b>

**Foreign Military Financing Grants (11-1082)**  
(\$ in millions)

	<b>Actual FY 2006</b>	<b>Estimated FY 2007</b>	<b>Proposed FY 2008</b>
Appropriated Funds			
Egypt Grant	1,287.000	1,300.000	1,300.000
Israel Grant	2,257.200	2,340.000	2,400.000
Jordan Grant	207.900	206.000	200.000
Other Countries Grants	671.675	565.400	594.100
Administrative Costs	41.085	43.500	41.900
Recission	45.100		
Total FMF Appropriation	<u>4,510.000</u>	<u>4,454.900</u>	<u>4,536.000</u>
Less: Appropriation Rescinded	-45.100		
Plus: Resources available from MAP sales	0.099		
Less: Unobligated balances for administrative costs	-0.011		
Total Budgetary Resources Obligated	<u>4,464.988</u>	<u>4,454.900</u>	<u>4,536.000</u>
Transfers-In from PKO and obligated	25.950	0.000	0.000
Total FMF Outlays (Net)	<u>4,593.643</u>	<u>4,682.000</u>	<u>4,685.000</u>

**Foreign Military Financing Program Account (11-1085)**  
(\$ in millions)

	<b>Actual FY 2006</b>	<b>Estimated FY 2007</b>	<b>Proposed FY 2008</b>
Budget Authority			
Direct Loan Subsidy Appropriation	0.000	0.000	0.000
Subsidy Re-estimates	16.037	14.365	0.000
Total Budget Authority	<u>16.037</u>	<u>14.365</u>	<u>0.000</u>
Total Obligations	16.037	14.365	0.000
Outlays (Net)	16.037	14.365	0.000

**Foreign Military Loan Liquidating Account (11X4121)**  
(\$ in millions)

	<b>Actual FY 2006</b>	<b>Estimated FY 2007</b>	<b>Proposed FY 2008</b>
Budget Authority for Guarantee Claims:			
Permanent Indefinite Authority	5.000	8.400	10.600
Collections of Guarantee Claims	7.532	3.089	0.000
Total Budget Authority	<u>12.532</u>	<u>11.439</u>	<u>10.600</u>
Total Obligations and Disbursements for Guaranteed Claims	12.532	11.439	10.600
Offsetting Collections			
Loan Purchase for Debt Reduction	0.000	0.000	2.000
Repayment of Direct Loans	-280.062	-60.299	-53.448
Repayment of FFB Loans	-220.514	-187.479	-156.102
Total Offsetting Collections	<u>-500.576</u>	<u>-247.738</u>	<u>-211.550</u>
Outlays (Net)	-488.044	-236.299	-200.095

**Direct Loan Financing Account (11X4122)**  
(\$ in millions)

	<b>Actual FY 2006</b>	<b>Estimated FY 2007</b>	<b>Proposed FY 2008</b>
<b>Budget Authority and Obligations</b>			
Direct Loans	0.000	0.000	0.000
Interest on Treasury Borrowing	33.415	67.441	86.169
Downward Subsidy Re-estimate	21.746	19.084	0.000
Interest on Downward Re-estimate	11.949	7.551	0.000
Total Budget Authority and Obligations	<u>67.110</u>	<u>94.076</u>	<u>86.169</u>
 Disbursements	 445.330	 561.500	 363.693
<b>Offsetting Collections:</b>			
Collections on Upward Subsidy Re-estimate	-16.037	-14.365	0.000
Interest on Uninvested Funds - Treasury	-16.226	0.000	0.000
Loan Repayments from Country	-569.488	-323.779	-116.168
Total Offsetting Collections	<u>-601.751</u>	<u>-338.144</u>	<u>-116.168</u>
 Outlays (Net)	 -156.421	 223.356	 247.525

**Military Debt Reduction Financing Account (11X4174)**  
(\$ in millions)

	<b>Actual FY 2006</b>	<b>Estimated FY 2007</b>	<b>Proposed FY 2008</b>
<b>Budget Authority and Obligations</b>			
Loan Purchase from Liquidating Account	0.000	0.000	2.000
Interest on Debt to Treasury	11.469	12.860	12.504
Downward Subsidy Re-estimate	0.090	0.018	0.000
Total Budget Authority and Obligations	<u>11.559</u>	<u>12.878</u>	<u>14.504</u>
 Disbursements	 11.559	 12.878	 14.504
<b>Offsetting Collections:</b>			
Collections from Loan Subsidy Account	-0.000	-2.387	-31.000
Collection on Upward Subsidy Re-estimate	-0.000	0.000	0.000
Interest on Uninvested Funds	-0.227	0.000	0.000
Loan Repayments from Country	-8.393	-5.432	-30.610
Total Offsetting Collections	<u>-8.620</u>	<u>-7.819</u>	<u>-61.610</u>
 Outlays (Net)	 -2.939	 5.059	 -47.106

**International Military Education & Training Program (11-1081)**  
(\$ in millions)

	<b>Actual</b>	<b>Estimated</b>	<b>Proposed</b>
	<b>FY 2006</b>	<b>FY 2007</b>	<b>FY 2008</b>
Appropriation	86.744	85.237	89.500
Rescission	-0.867	0.000	0.000
Total CY budgetary resources available for obligation	<u>85.877</u>	<u>85.237</u>	<u>89.500</u>
Obligations from Current Year Appropriation	85.138	85.237	89.500
“X” Year unobligated funds available SOY	2.472	3.249	3.249
Unobligated funds transferred from prior years	1.889	0.000	0.000
New Allocations in “X” Year	1.112	0.000	0.000
“X” Year unobligated funds available EOY	3.249	3.249	3.249
Net Outlays	83.846	91.000	89.000

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**Special Defense Acquisition Fund (11X4116)**  
(\$ in millions)

	<b>Actual FY 2006</b>	<b>Estimated FY 2007</b>	<b>Proposed FY 2008</b>
Purchases of Equipment (Obligations)	0.000	0.000	0.000
Gross Budget Authority (a)	0.000	0.000	0.000
Offsetting Collections	0.000	0.000	0.000
Net Budget Authority	0.000	0.000	0.000
Financing Disbursements	0.000	0.000	0.000
Offsetting Collections	0.000	0.000	0.000
Net Outlays	0.000	0.000	0.000
Return of Unobligated Balances to the Treasury due to Program Cancellation (Excess Unobligated Balance) to Treasury account 1614, "Other Earnings from Business Operations Revolving Funds"	6.500	.184	0.000

(a) This represents the planned transfer of all collections "in excess of obligation authority provided in prior appropriations Acts" pursuant to P.L. 103-87, September 30, 1993, which means that all FY 1994 and later collections are first deposited into the SDAF appropriation, and later transferred to the Treasury Account, "Other Repayments of Investments and Recoveries," 2814. The return of capitalization does not affect the calculation of net outlay.

**Foreign Military Financing Program/Grants**  
(\$ in millions)

Fiscal Year	Request		Authorized		Appropriated	
	Budget Authority	Program	Budget Authority	Program	Budget Authority	Program
1970	275.000	350.000	250.000	340.000	70.000	0.000
1971	772.500	885.000	750.000 (a)	840.000 (a)	700.000 (a)	0.000
1972	510.000	582.000	400.000	550.000	400.000	0.000
1973	527.000	629.000	400.000 (b)	550.000	400.000 (b)	0.000
1974	2,725.000	2,960.000	2,525.000 (c)	2,930.000 (c)	2,525.000 (c)	0.000
1975	555.000	872.000	405.000	872.500	300.000	0.000
1976 (d)	2,430.200	2,430.200	1,298.750	2,968.375	1,205.000	0.000
1977	2,179.600	2,179.600	740.000	2,022.100	740.000	0.000
1978	707.750	2,217.500	682.000	2,152.350	675.850	0.000
1979 (e)	1,042.500	5,767.500	1,044.300	6,155.500	1,024.500	0.000
1980	658.880 (f)	2,188.000 (f)	673.500	2,235.000	645.000 (b)	0.000
1981	734.000	2,840.000 (g)	500.000	3,116.000	500.000 (b)	3,046.187 (b)
1982	1,481.800	4,054.400	800.000	4,069.525	800.000	3,883.500
1983	950.000 (h)	5,273.300 (h)	800.000	4,169.525	1,175.000 (b)	5,106.500 (b)
1984	1,000.000	5,656.000	1,315.000	5,761.500	1,315.000 (b)	5,716.250 (b)
1985	5,100.000	5,100.000	(i)	(i)	4,939.500 (b)	4,939.500 (b)
1986	5,655.000	5,655.000	5,371.000	5,371.000	5,190.000	5,190.000 (j)
1987	5,861.000 (k)	5,661.000	(i)	(i)	4,053.441 (l)	4,053.441 (l)
1988	4,421.150	4,421.150	(m)	(m)	4,017.000 (n)	4,049.000
1989	4,460.000	4,460.000	(o)	(o)	4,272.750	4,272.750
1990	5,027.000	5,027.000	(p)	(p)	4,827.642	4,827.642 (q)
1991	5,016.900	5,016.900	(r)	(r)	4,663.421 (s)	4,663.421 (s)
1992	4,610.000	4,610.000	(t)	(t)	3,928.548 (u)	3,928.548 (u)
1993	4,099.225	4,099.225	(v)	(v)	3,245.414 (w)	3,245.414 (w)
1994	3,231.657	3,232.157	(x)	(x)	3,052.397 (x)	3,052.397 (x)
1995	3,130.858	3,130.858	(y)	(y)	3,151.279 (y)	3,151.279 (y)
1996	3,262.020	3,262.020	(z)	(z)	3,208.390 (z)	3,208.390 (z)
1996 Sup	70.000 (A)	70.000 (A)	(A)	(A)	70.000 (A)	70.000 (A)
1997	3,228.250	3,228.250	(B)	(B)	3,224.000 (B)	3,224.000 (B)
1998	3,274.250	3,274.250	(C)	(C)	3,296.550 (C)	3,296.550 (C)
1999	3,275.910	3,275.910	(D)	(D)	3,380.000 (D)	3,380.000 (D)
2000	3,430.000	3,430.000	(E)	(E)	4,819.994 (E)	4,819.994 (E)
2001	3,538.200	3,538.200	3,550.000	3,550.000	3,576.000 (F)	3,576.000 (F)
2002	3,674.000	3,674.000	3,627.000	3,627.000	3,650.000 (G)	3,695.000 (H)
2002 Sup	387.000	387.000	(I)	(I)	357.000 (I)	357.000 (I)
2003	4,107.200	4,107.200	4,107.200	4,107.200	4,072.000 (J)	4,072.000 (J)
2003 Sup	2,059.100	2,059.100	(K)	(K)	2,059.100 (K)	2,059.100 (K)
2004	4,414.000	4,414.000	(L)	(L)	4,337.182 (L)	4,337.182 (L)
2004 Sup	287.000	287.000	(M)	(M)	287.000 (M)	287.000 (M)
2005	4,957.500	4,957.500	(N)	(N)	4,783.500 (N)	4,783.500 (N)
2005 Sup	250.000	250.000	(O)	(O)	250.000 (O)	250.000 (O)
2006	4,538.600	4,538.600	(P)	(P)	4,464.900 (P)	4,464.900 (P)
2007	4,550.900	4,550.900	(Q)	(Q)	4,454.900 (Q)	4,454.900 (Q)
2008	4,536.000	4,536.000				

NOTE: Military Assistance Program included Foreign Military Sales Financing program prior to FY 1969.

(a) Includes \$500M for Israel authorized by P.L. 91-441 and appropriated by P.L. 91-665.

(b) CRA limitation.

- (c) Includes \$2,200M for Emergency Security Assistance requested, authorized and appropriated for Israel.
- (d) Includes transitional quarter (FY 197T).
- (e) Includes \$2,200M supplemental program for Israel and a \$1,500M supplemental program for Egypt.
- (f) Includes a \$10M amendment for Sudan and \$15M for Oman.
- (g) Includes \$200M proposed budget amendment for Egypt.
- (h) Reflects the amended budget request but not the supplemental budget request for program increase of \$525M for guarantee loans.
  - (i) Authorization waived in Continuing Resolution Authority (P.L. 98-473 for FY 1985, and P.L. 99-500 for FY 1987).
  - (j) Reflects amounts appropriated under P.L. 99-190 (final CRA). Pursuant to P.L. 99-177 (Gramm-Rudman-Hollings), \$223.17M not available for obligation.
  - (k) Includes a supplemental request of \$200M.
  - (l) Includes \$4,040,441 authorized by P.L. 99-500 CRA limitation and \$13,000 authorized by P.L. 100-71.
  - (m) Authorization waived in Continuing Resolution (P.L. 100-202).
  - (n) P.L. 100-202 appropriated \$4,049M for FY 1988. Also included in the law was a \$32M rescission applicable to the FY 1985 and FY 1986 appropriation resulting in an adjusted appropriation of \$4,017M, as shown in the FY 1989 President's Budget.
  - (o) Authorization waived in P.L. 100-461.
  - (p) Authorization waived in P.L. 101-167.
  - (q) Congress appropriated \$4,828.403M which was reduced by .43% for use in the control of illicit drugs. In addition, \$20M was transferred into the FMF account from the DOD budget (P.L. 101-165) resulting in \$4,827.641M available to the FMF program.
  - (r) Authorization waived in P.L. 101-513.
  - (s) P.L. 101-513 appropriated \$5,066.921M for FY 1991. Section 401(a) of P.L. 102-27 subsequently reduced that amount to \$4,663.421M.
  - (t) Authorization waived in P.L. 102-109, P.L. 102-145, and P.L. 102-266.
  - (u) P.L. 102-266 appropriated \$4,100M for FY 1992, reduced the amount appropriated by \$60.602M and provided for the transfer of \$63.75M of funds appropriated to the Demobilization and Transition Fund. P.L. 102-298 rescinded an additional \$47.100 of the FY 1992 appropriation for a net appropriation of \$3,928.548M.
  - (v) Authorization waived in P.L. 102-391.
  - (w) P.L. 102-391 appropriated \$3,300M for FY 1993, rescinded \$25.586M of prior year balance, and provided for the transfer of \$29M to the Demobilization and Transition Fund for a net budget authority of \$3,245.414M.
  - (x) P.L. 103-87 appropriated \$3,149.279M, including deobligation/reobligation authority. The authorization was waived. During FY 1994, an Emergency Supplemental Appropriations Act was passed (P.L. 103-211) and it rescinded \$91.282M of FY 1993 and prior year balances. Subsequently, an additional \$5.6M was transferred to the IMET and Economic Support Fund accounts leaving a net appropriation of \$3,052.397M.
  - (y) P.L. 103-306 appropriated \$3,151.279M for FY 1995. The Authorization was waived.
  - (z) P.L. 104-107 appropriated \$3,208.390M for FY 1996. The Authorization was waived.
  - (A) Pending FY 1996 FMF supplemental request of \$140M supports Jordan F-16 program; P.L. Appropriated \$70M for FY 1996. The Authorization was waived.
  - (B) P.L. 104-208 appropriated \$3,224M for FY 1997. The Authorization was waived.
  - (C) P.L. 105-118 appropriated \$3,296.55M for FY 1998. The Authorization was waived.
  - (D) P.L. 105-277 appropriated \$3,380M for FY 1999 FMF Grants. The Authorization was waived.
  - (E) P.L. 106-113 appropriated \$4,788.994M for FY 2000 FMF Grants. The Authorization was waived.
  - (F) P.L. 106-429 appropriated \$3,576M for FY 2001 FMF Grants. P.L. 106-554 rescinded \$7.867M of the FMF appropriation.
  - (G) P.L. 107-115 appropriated \$3,650M for FY 2002 FMF Grants.
  - (H) Includes \$45M appropriated under P.L. 107-38, the Emergency Response Fund. The Authorization was waived.
  - (I) P.L. 107-206 appropriated \$357M for FY 2002 Supplemental FMF Grants. The Authorization was waived.
  - (J) P.L. 108-7 appropriated \$4,072M for FY 2003, of which \$26.468M was rescinded and \$93M was transferred to State for Colombia Andean Counter narcotics Initiative (ACI).
  - (K) P.L. 108-11 appropriated \$2,059.1M for FY 2003 Supplemental, of which \$20M was transferred to State for Colombia Andean Counter narcotics Initiative (ACI). The Authorization was waived.
  - (L) P.L. 108-199 appropriated \$4,294M for FY 2004, of which \$25,334M was rescinded and \$10.9M was transferred to State for Economic Support Fund (ESF) needs. Additionally, the account received \$.372M from USAID funds for Afghanistan and \$2.0M in deobligation/reobligation authority for Kenya and \$0.045M of funding from MAP sales. Includes \$77M appropriated under P.L. 107-38, the Emergency Response Fund, transferred to FMF in October 2003 for Afghanistan. The

Authorization was waived.

- (M) P.L. 108-106 appropriated \$287M for FY 2004 Supplemental for Afghanistan. The Authorization was waived.
- (N) P.L. 108-447 appropriated \$4,783.5M for FY 2005, of which \$38.268M was rescinded. The Authorization was waived.
- (O) P.L. 109-13 appropriated \$250M for FY 2005 Supplemental for Jordan and Pakistan. The Authorization was waived.
- (P) P.L. 109-102 appropriated \$4,510M for FY 2006 of which \$45.1M was rescinded. The Authorization was waived.
- (Q) Current OMB guidance requires that we report 2007 appropriations as provided under the 2007 continuing resolution P.L. 109-289

**Foreign Military Financing**  
**Direct Loan Financing Account – Total Program (11X4122)**  
(\$ in millions)

Fiscal Year	Request	Financing Authority
1992	313.961	345.000 (a)
1993	360.000	855.000 (b)
1994	855.000	769.500 (c)
1995	770.000	619.650 (d)
1996	765.000	544.000 (e)
1997	370.028	540.000 (f)
1998	699.500	200.000 (g)
1999	167.024	117.855 (h)
2000	0.000	0.000
2001	0.000	0.000
2002	0.000	0.000
2003	3,800.000	3,800.000 (i)
2004	550.000	550.000 (j)
2005	0.000	0.000
2006	0.000	0.000
2007	0.000	0.000
2008	0.000	0.000

- (a) Continuing Resolution Authority (P.L. 102-109 and P.L. 102-145).
- (b) P.L. 102-391 provides financing authority for direct loans of \$855M for FY 1993.
- (c) P.L. 103-87 provides financing authority for direct loans of \$769.5M for FY 1994.
- (d) P.L. 103-306 provides financing authority for direct loans of \$619.65M for FY 1995.
- (e) P.L. 104-107 provides financing authority for direct loans of \$544M for FY 1996.
- (f) P.L. 104-208 provides financing authority for direct loans of \$540M for FY 1997.
- (g) P.L. 105-118 provides financing authority for direct loans of \$200M for FY 1998.
- (h) P.L. 105-277 provides financing authority for direct loans of \$167M for FY 1999.
- (i) Continuing Resolution Authority (P.L. 107-229)
- (j) Continuing Resolution Authority (P.L. 108-84)

**Foreign Military Financing  
Direct Loan Subsidy Element**  
(\$ in millions)

Fiscal Year	Request	Appropriated
1992	57.490	50.148 (a)(b)
1993	63.332	149.200 (c)
1994	120.457	46.530 (d)
1995	59.598	47.917 (e)
1996	89.888	64.400 (f)
1997	40.000	60.000 (g)
1998	66.000	60.000 (h)
1999	20.000	20.000 (i)
2000	0.000	0.000
2001	0.000	0.000
2002	0.000	0.000
2003	0.000	0.000
2004	0.000	0.000
2005	0.000	0.000
2006	0.000	0.000
2007	0.000	0.000
2008	0.000	0.000

- (a) Authorization waived under P.L. 102-109 and P.L. 102-145.
- (b) P.L. 102-266 appropriated \$50.9M for FY 1992 and reduced the appropriation by \$.752M for a net availability of \$50.148M.
- (c) P.L. 102-391 appropriated \$149.2M for FY 1993. The Authorization was waived.
- (d) P.L. 103-87 appropriated \$46.53M for FY 1994. The Authorization was waived.
- (e) P.L. 103-306 appropriated \$47.917M for FY 1995. The Authorization was waived.
- (f) P.L. 104-107 appropriated \$64.4M for FY 1996. The Authorization was waived.
- (g) P.L. 104-208 appropriated \$60M for FY 1997. The Authorization was waived.
- (h) P.L. 105-118 appropriated \$60M for FY 1998. \$40M will be transferred to the FMF Grant Account. The Authorization was waived.
- (i) P.L. 105-277 appropriated \$20M for FY 1999. The Authorization was waived.

**Military Assistance Program**  
(\$ in millions)

Fiscal Year	Request	Authorized	Appropriated
1950	1,400.000	1,314.000	1,314.000
1951	5,222.500	5,222.500	5,222.500
1952	6,303.000	5,997.600	5,744.000
1953	5,425.000	4,598.400	4,219.800
1954	4,274.500	3,681.500	3,230.000
1955	1,778.300	1,591.000	1,192.700
1956	1,959.200	1,450.200	1,022.200
1957	2,925.000	2,225.000	2,017.500
1958	1,900.000	1,600.000	1,340.000
1959	1,800.000	1,605.000	1,515.000
1960	1,600.000	1,400.000	1,300.000
1961	2,000.000	(a)	1,800.000
1962	1,885.000	1,700.000	1,600.000
1963	(b)	1,700.000	1,325.000
1964	1,405.000	1,000.000	1,000.000
1965 (c)	1,055.000	1,055.000	1,055.000
1966 (c)	1,170.000	1,170.000	1,170.000
1967	917.000	875.000	792.000
1968	620.100	510.000	500.000
1969	420.000	375.000	375.000
1970	425.000	350.000	350.000
1971	690.000	690.000	690.000
1972	705.000	500.000	500.000
1973	780.000	553.100 (d)	553.100 (d)
1974 (e)	685.000	512.500	450.000 (f)
1975 (g)	985.000	600.000	475.000
1976 (h)(i)	790.000	245.875	252.200
1977	279.000	235.800	264.550
1978	230.000	228.900	220.000 (j)
1979	133.500	133.500	83.375
1980 (c)	160.200 (k)	111.900 (l)	110.000 (d)
1981 (c)	104.400	106.100	110.200 (d)
1982 (c)(m)	131.400	231.400	171.412
1983 (c)	557.000 (n)	238.500 (o)	383.325 (d)
1984	747.000 (p)	639.700	711.750 (d)(q)
1985	924.500	(r)	805.100 (d)
1986 (c)	949.350	805.100	798.374 (s)(t)
1987 (c)	1,257.450 (u)	805.100	950.000
1988	1,329.800	(v)	700.750
1989	467.000	(w)	467.000 (x)
1990	40.432	(y)	(z)
1991	0.000	0.000	0.000
1992	0.000	0.000	-6.750 (D)
1993	0.000	0.000	-20.164 (E)
1994	-0.439 (F)	0.000	-0.439 (F)
1995	(L)		(L)

**International Military Education & Training Program**  
(\$ in millions)

Fiscal Year	Request	Authorized	Appropriated
1976 (a)	37.000	33.750	28.750
1977	32.200	30.200	25.000
1978	35.000	31.000	30.000
1979	32.100	31.800	27.900
1980	32.900	31.800	25.000 (d)
1981	32.500	34.000	28.400 (d)
1982	42.000	42.000	42.000
1983	53.700 (o)	43.000	46.000
1984	56.532	56.452	51.532 (d)
1985	60.910	(r)	56.221 (d)
1986	65.650	56.221	54.490 (s)
1987	68.830	56.000	56.000
1988	56.000	(v)	47.400
1989	52.500	(w)	47.400
1990	54.500	(y)	47.196 (A)
1991	50.500	(B)	47.196
1992	52.500	(C)	47.196 (G)
1993	47.500	(H)	42.500 (I)
1994	42.500	(J)	22.250 (J)
1995	25.500	(K)	25.500 (K)
1996	39.781	(M)	39.000 (M)
1997	45.000	(N)	43.475 (N)
1998	50.000	(O)	50.000 (O)
1999	50.000	(P)	49.951 (P)
2000	50.000	(Q)	49.810 (Q)
2001	57.875	55.000	57.748 (R)
2002	70.000	65.000	70.000 (S)
2003	80.000	85.000	79.480 (T)
2004	91.700	(U)	91.159 (U)
2005	89.730	(V)	89.012 (V)
2006	86.744	(W)	85.877 (W)
2007	88.900	(X)	85.237 (X)
2008	89.500		

**NOTE:**

- (1) The Military Assistance Program included International Military Education and Training Program prior to FY1976.
- (2) The Administration has not proposed Military Assistance Programs subsequent to FY 1990.
- (a) The Mutual Security Act of 1959, P.L. 86-108, approved July 24, 1959, states "There is hereby authorized to be appropriated to the President for the fiscal year 1961 and 1962 such sums as may be necessary from time to time to carry out the purpose of this chapter, which sums shall remain available until expended."
- (b) Foreign Assistance Act of 1961 authorized \$1,700M; no executive branch request for authorization was required.
- (c) Does not include MAP drawdowns of \$75M in FY 1965 and \$300M in FY 1966, or Section 506(a) drawdowns of \$1M in FY 1980; \$26M in FY 1981; \$55M in FY 1982; \$25M in FY



- 1983; \$40M in FY 1986; and \$25M in FY 1987.
- (d) CRA limitation.
  - (e) Includes funds requested separately for proposed International Military Education and Training Program finally authorized and appropriated as part of the Military Assistance Program. Does not include \$2,500M for Section 506 drawdown authority.
  - (f) Includes \$5M transferred to AID.
  - (g) Does not include \$75M for Section 506 drawdown authority.
  - (h) Includes transitional quarter FY197T.
  - (i) Does not include \$275M for Section 506 drawdown authority.
  - (j) Includes \$40.2M subsequently rescinded.
  - (k) Includes a \$50M supplemental for Turkey.
  - (l) Includes a \$1.7M Senate supplemental for Sudan.
  - (m) Does not include \$7.1M reimbursement for Section 506 drawdown authority.
  - (n) Reflects the amended budget request but not the \$187M supplemental budget request.
  - (o) Reflects initial budget request; excludes \$1M supplemental request.
  - (p) Reflects initial budget request; excludes \$259.05M supplemental request for Central America.
  - (q) Includes supplemental appropriation of \$201.75M for Central America.
  - (r) Authorization waived in Continuing Resolution (P.L. 98-473).
  - (s) Reflects amounts appropriated under P.L. 99-190 (final CRA). Pursuant to P.L. 99-177 (Gramm-Rudman-Hollings) \$33.626M of MAP and \$2.343M of IMET are not available for obligation.
  - (t) Includes supplemental appropriation of \$50M for the Republic of the Philippines.
  - (u) Includes a supplemental request of \$261M.
  - (v) Authorization waived in Continuing Resolution (P.L. 100-202).
  - (w) Authorization waived in P.L. 100-461.
  - (x) P.L. 101-45 transferred \$2M to contributions for international peacekeeping activities (Budget Account 19-9-1124).
  - (y) Authorization waived in P.L. 101-167.
  - (z) Administrative costs formerly designated as MAP General Costs (1080 account) are included in the Foreign Military Financing Appropriation (1082 account) effective 1 October 1989.
  - (A) Congress appropriated \$47.4M which was reduced by .43% for use in the control of illicit drugs, resulting in \$47.196M available to the IMET program.
  - (B) Authorization waived in P.L. 101-513.
  - (C) Authorization waived in P.L. 102-109 and P.L. 102-145.
  - (D) P.L. 102-298 rescinded \$6.75M of prior year balances and \$5.76M of previously disbursed amounts.
  - (E) P.L. 102-298 rescinded \$20.164M of prior year balances.
  - (F) During FY 1994, P.L. 103-211, the FY 1994 Emergency Supplemental Appropriations Act, rescinded \$.439M of prior year appropriations.
  - (G) P.L. 102-266 appropriated \$47.196M for FY 1992. P.L. 102-298 rescinded \$1.925M and P.L. 102-381 reduced it an additional \$.698M for a net availability of \$44.573M.
  - (H) Authorization waived in P.L. 102-391.
  - (I) P.L. 102-391 appropriated \$42.5M for FY 1993.
  - (J) P.L. 103-87 appropriated \$21.25M for FY 1994. The Authorization was waived. During FY 1994, an additional \$1.M was transferred into IMET from FMF making a total of \$22.25M of appropriated funds available.
  - (K) P.L. 103-306 appropriated \$25.5M for FY 1995. The Authorization was waived. Subsequent to the release of the President's FY 1996 Budget, \$.85M was transferred out of the PKO account and into the IMET account (\$.35M for Botswana and \$.5M for Senegal) to enhance PKO training.
  - (L) MAP funds were cancelled in FY 1995 due to "M" year legislation. No new authorizations will be enacted for this account.

- (M) P.L. 104-107 appropriated \$39M for FY 1996. The Authorization was waived.
- (N) P.L. 104-208 appropriated \$43.475M for FY 1997. The Authorization was waived.
- (O) P.L. 105-118 appropriated \$50M for FY 1998. The Authorization was waived.
- (P) P.L. 105-277 appropriated \$50M for FY 1999. The Authorization was waived. P.L. 106-51 rescinded \$.041M. The Authorization was waived.
- (Q) P.L. 106-113 appropriated \$49.810M for FY 2000. The Authorization was waived.
- (R) P.L. 106-429 appropriated \$55M for FY 2001 and \$2.875M for an emergency supplemental in support of the Southeast Europe Initiative. P.L. 106-554 rescinded \$.127M.
- (S) P.L. 107-115 appropriated \$70M for FY 2002.
- (T) P.L. 108-7 appropriated \$80M for FY 2003, of which \$.52M was rescinded.
- (U) P.L. 108-199 appropriated \$91.7M of which \$.541 was rescinded. The Authorization was waived.
- (V) P.L. 108-447 appropriated \$89.73 of which \$.718 was rescinded. The Authorization was waived.
- (W) P.L. 109-102 appropriated \$86.744M of which 0.867M was rescinded. The Authorization was waived.
- (X) Current OMB Guidance requires that we report 2007 appropriations as provided under the 2007 continuing resolution P.L. 109-289.

## Peacekeeping Operations

(\$ in millions)

Fiscal Year	Request	Authorized	Appropriated
1979	(a)	30.900	27.400
1980	(a)	21.100	22.000 (b)
1981	25.000	25.000	25.000 (c)
1982	19.000	19.000	14.000 (d)
1983	43.474	19.000	31.100 (c)
1984	46.200	46.200	46.200 (c)
1985	49.000	(e)	44.000 (c)
1986	37.000	37.000	34.000 (f)
1987	39.000	37.000	31.689
1988	46.311	31.689	31.689
1989	41.689 (g)	41.689	41.689
1990	33.377	32.773	32.773
1991	32.800	32.800	32.800
1992	378.000 (h)	28.000	28.000 (c)
1993	27.166	27.166	27.166
1994	77.166	82.435 (i)	82.435 (i)
1995	75.000	75.000	75.000 (j)
1996	100.000	70.000	70.000
1997	70.000	65.000	65.000
1998	90.000	77.500	77.500
1999	83.000	76.500	76.500
2000	130.000	152.418	152.418 (k)
2001	134.000	127.000 (l)	126.382 (m)
2002	150.000	135.000	135.000
2003	108.250	115.000	214.252 (o)
2004	94.900	94.900	124.458 (p)
2005	104.000	179.000 (q)	547.568 (r)
2006	195.800	175.000	351.250 (s)
2007	200.500	160.400 (t)	
2008	221.200		

(a) Executive Branch request included ESF and PKO in one account—Security Supporting Assistance (SSA).

(b) CRA limitation (P.L. 96-123).

(c) CRA limitation.

(d) In addition, \$125M appropriated under CRA (P.L. 97-51) and authorized by P.L. 97-132 for the Multinational Force and Observers.

(e) Authorization waived in Continuing Resolution (P.L. 98-473).

(f) Reflects amount appropriated under P.L. 99-190 (final CRA). Pursuant to P.L. 99-177 (Gramm-Rudman-Hollings), \$1.462M of this amount is not available for obligation.

(g) Includes \$10M transfer from DOD allocated to Department of State pursuant to P.L. 101-45 used for UN mineclearing operations in Afghanistan.

(h) Reflects an amendment to the FY 1992 budget to provide the United States' share to initiate UN Peacekeeping activities in Cambodia and El Salvador, and for other

peacekeeping requirements.

- (i) Includes appropriation of \$75.623M plus \$6.812M transferred from other accounts.
- (j) The President's FY 1996 Budget shows PKO Budget Authority of \$75M in FY 1995. Subsequent to the release of the President's Budget, \$.85M was transferred out of the PKO account and into the IMET account (\$.35M for Botswana and \$.5M for Senegal) to enhance PKO training.
- (k) Includes \$2.466M transferred to IO&P account for KEDO. Does not reflect \$582M rescission under the Consolidated Appropriations Act, 2001 (P.L. 106-554).
- (l) Authorization waived according to Section 525, Foreign Operations, Export Financing, and Related Appropriations Act 2001, (P.L. 106-429).
- (m) Reflects rescission of the Consolidated Appropriations Act, 2001 (P.L. 106-554) and includes \$2.279M UN reimbursement.
- (n) Reflects FY02 ERF and Supplemental Funds and \$620,000 UNAMSIL reimbursement.
- (o) Reflects FY03 Supplemental and 0.65% statutory reduction.
- (p) Reflects FY04 Supplemental and 0.59% statutory reduction.
- (q) Reflects \$75M in emergency funding for Sudan.
- (r) Reflects FY05 Supplemental, \$80M transfer from DoD for GPOI, and 0.8% statutory reduction.
- (s) Reflects \$178M in FY06 Supplemental funding and 1% statutory reduction.
- (t) FY07 appropriation bill has not been passed as of January 17, 2007. Figure reflects Operational Plan number for FY07.

**Foreign Military Loan Liquidating Account (11X4121)**  
**(Formerly Guaranty Reserve Fund)**  
(\$ in millions)

Borrowing Authority – Permanent Indefinite Appropriation (a)

Fiscal Year	Request	Appropriated	Actual	Estimated
1985	274.000	109.000	0.000	
1988	0.000	532.000	0.000	
1989	0.000	0.000	452.065	
1990	0.000	0.000	731.510	
1991	0.000	0.000	127.014	
1992	0.000	0.000	0.000	
1993	0.000	0.000	62.678	
1994	0.000	0.000	49.608	
1995	0.000	0.000	39.300	
1996	0.000	0.000	23.577	
1997	10.599	0.000	16.500	
1998	28.000	0.000	28.000	
1999	31.000	0.000	37.500	
2000	35.000	0.000	38.000	
2001	31.000	0.000	58.000	
2002	27.000	0.000	27.000	
2003	25.500	0.000	25.500	
2004	40.000	0.000	40.000	
2005	8.000	0.000	7.500	
2006	5.000	0.000	5.000	
2007	8.400	0.000	8.400	
2008	10.600	0.000		10.600

Use of borrowing from U.S. Treasury under authority of P.L. 100-202 in FY 1989, P.L. 101-167 in FY 1990, and P.L. 101-513 in FY 1991. Use of permanent indefinite appropriation authority in FY 1993 through FY 2001.

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**Foreign Assistance Summary Table  
Objective, Area, and Element Summary  
FY 2006 Actual and FY 2008 Request\***

\*Note: P.L. 480 Emergency Food Aid, MRA, ERMA, and IDFA are largely not allocated to program element in the FY 2008 Request, but are allocated in FY 2006 Actual.

(\$ Thousands)		
	FY 2006 Actual	FY 2008 Request*
<b>TOTAL</b>	17,642,297	19,775,913
<b>1 Peace &amp; Security</b>	6,817,136	6,879,051
<b>1.1 Counter-Terrorism</b>	157,046	185,270
1.1.1 Deny Terrorist Sponsorship, Support and Sanctuary	21,593	27,513
1.1.2 De-Legitimize Terrorist Ideology	13,488	16,358
1.1.3 Governments' Capabilities	116,622	139,418
1.1.4 Program Support (Counter-Terrorism)	5,343	1,981
<b>1.2 Combating Weapons of Mass Destruction (WMD)</b>	229,902	216,770
1.2.1 Counter WMD Proliferation and Combat WMD Terrorism	208,947	195,959
1.2.2 Program Support (WMD)	20,955	20,811
<b>1.3 Stabilization Operations and Security Sector Reform</b>	5,178,030	5,244,927
1.3.1 Operations Support	386,657	436,348
1.3.2 Disarmament, Demobilization & Reintegration (DDR)	33,640	21,032
1.3.3 Destruction and Security of Conventional Weapons	9,178	45,827
1.3.4 Explosive Remnants of War (ERW)	65,777	75,360
1.3.5 Immediate Protection of Civilians in Conflict	3,338	12,955
1.3.6 Defense, Military, and Border Restructuring, Reform and Operations	4,421,033	4,457,205
1.3.7 Law Enforcement Restructuring, Reform and Operations	199,757	140,197
1.3.8 Program Support (Stabilization)	58,650	56,003
<b>1.4 Counter-Narcotics</b>	1,007,091	988,465
1.4.1 Eradication	512,968	460,693
1.4.2 Alternative Development and Alternative Livelihoods	268,421	237,679
1.4.3 Interdiction	161,904	235,910
1.4.4 Drug Demand Reduction	21,409	12,313
1.4.5 Program Support (Narcotics)	42,389	41,870
<b>1.5 Transnational Crime</b>	60,219	58,226
1.5.1 Financial Crimes and Money Laundering	13,240	14,134
1.5.2 Intellectual Property Theft, Corporate Espionage, and Cyber Security	3,716	6,028
1.5.3 Trafficking-in-Persons and Migrant Smuggling	37,845	30,743
1.5.4 Organized and Gang-related Crime	1,710	5,000
1.5.5 Program Support (Crime)	3,708	2,321
<b>1.6 Conflict Mitigation and Reconciliation</b>	184,848	185,393
1.6.1 Conflict Mitigation	58,647	89,000
1.6.2 Peace and Reconciliation Processes	83,613	62,857
1.6.3 Preventive Diplomacy	34,619	11,860
1.6.4 Program Support (Conflict)	7,969	21,676
<b>2 Governing Justly &amp; Democratically</b>	1,233,199	1,447,965
<b>2.1 Rule of Law and Human Rights</b>	301,051	399,253
2.1.1 Constitutions, Laws, and Legal Systems	31,515	13,053

2.1.2 Judicial Independence	11,829	28,976
2.1.3 Justice System	151,475	246,900
2.1.4 Human Rights	90,317	81,978
2.1.5 Program Support (Rule of Law)	15,915	28,346
<b>2.2 Good Governance</b>	<b>354,220</b>	<b>507,387</b>
2.2.1 Legislative Function and Processes	60,932	58,917
2.2.2 Public Sector Executive Function	76,454	165,436
2.2.3 Local Government and Decentralization	143,076	169,683
2.2.4 Anti-Corruption Reforms	43,625	70,103
2.2.5 Governance of the Security Sector	950	6,113
2.2.6 Program Support (Governance)	29,183	37,135
<b>2.3 Political Competition and Consensus-Building</b>	<b>197,336</b>	<b>186,102</b>
2.3.1 Consensus-Building Processes	29,054	23,273
2.3.2 Elections and Political Processes	107,735	83,078
2.3.3 Political Parties	52,664	70,487
2.3.4 Program Support (Political Competition)	7,883	9,264
<b>2.4 Civil Society</b>	<b>380,592</b>	<b>355,223</b>
2.4.1 Civic Participation	291,274	238,557
2.4.2 Media Freedom and Freedom of Information	67,858	95,992
2.4.3 Program Support (Civil Society)	21,460	20,674
<b>3 Investing in People</b>	<b>4,957,363</b>	<b>6,954,303</b>
<b>3.1 Health</b>	<b>4,130,713</b>	<b>6,181,275</b>
3.1.1 HIV/AIDS	2,595,209	4,496,688
3.1.2 Tuberculosis	93,691	89,945
3.1.3 Malaria	100,737	387,505
3.1.4 Avian Influenza	4,503	100,000
3.1.5 Other Public Health Threats	92,781	94,762
3.1.6 Maternal and Child Health	738,847	608,526
3.1.7 Family Planning and Reproductive Health	429,815	332,288
3.1.8 Water Supply and Sanitation	75,130	71,561
<b>3.2 Education</b>	<b>689,784</b>	<b>677,906</b>
3.2.1 Basic Education	520,804	535,298
3.2.2 Higher Education	168,980	142,608
<b>3.3 Social and Economic Services and Protection for Vulnerable Populations</b>	<b>136,866</b>	<b>95,122</b>
3.3.1 Policies, Regulations, and Systems	5,979	7,720
3.3.2 Social Services	59,371	22,761
3.3.3 Social Assistance	71,516	64,641
<b>4 Economic Growth</b>	<b>2,826,160</b>	<b>2,370,329</b>
<b>4.1 Macroeconomic Foundation for Growth</b>	<b>409,091</b>	<b>376,521</b>
4.1.1 Fiscal policy	250,322	275,364
4.1.2 Monetary policy	153,648	97,822
4.1.3 Program Support (Macro Econ)	5,121	3,335
<b>4.2 Trade and Investment</b>	<b>408,736</b>	<b>238,577</b>
4.2.1 Trade and Investment Enabling Environment	321,402	154,254
4.2.2 Trade and Investment Capacity	74,879	71,538
4.2.3 Program Support (Trade)	12,455	12,785
<b>4.3 Financial Sector</b>	<b>277,245</b>	<b>67,481</b>
4.3.1 Financial Sector Enabling Environment	186,628	27,985
4.3.2 Financial Services	84,081	35,254
4.3.3 Program Support (Financial Sector)	6,536	4,242
<b>4.4 Infrastructure</b>	<b>414,875</b>	<b>441,314</b>



4.4.1 Modern Energy Services	103,600	192,197
4.4.2 Communications Services	12,501	11,970
4.4.3 Transport Services	278,465	223,661
4.4.4 Program Support (Infrastructure)	20,309	13,486
<b>4.5 Agriculture</b>	<b>561,987</b>	<b>498,723</b>
4.5.1 Agricultural Enabling Environment	60,111	108,084
4.5.2 Agricultural Sector Productivity	475,685	366,523
4.5.3 Program Support (Agriculture)	26,191	24,116
<b>4.6 Private Sector Competitiveness</b>	<b>350,478</b>	<b>378,551</b>
4.6.1 Business Enabling Environment	174,056	193,364
4.6.2 Private Sector Productivity	129,066	113,072
4.6.3 Workforce Development	28,183	54,853
4.6.4 Program Support (Private Sector)	19,173	17,262
<b>4.7 Economic Opportunity</b>	<b>111,638</b>	<b>120,431</b>
4.7.1 Inclusive Financial Markets	23,383	29,620
4.7.2 Policy Environment for Micro and Small Enterprises	12,280	24,586
4.7.3 Strengthen Microenterprise Productivity	49,304	46,770
4.7.4 Inclusive Economic Law and Property Rights	13,693	9,503
4.7.5 Program Support (Econ Opportunity)	12,978	9,952
<b>4.8 Environment</b>	<b>292,110</b>	<b>248,731</b>
4.8.1 Natural Resources and Biodiversity	186,788	114,333
4.8.2 Clean Productive Environment	76,816	112,507
4.8.3 Program Support (Environment)	28,506	21,891
<b>5 Humanitarian Assistance</b>	<b>1,808,439</b>	<b>2,124,265</b>
<b>5.1 Protection, Assistance and Solutions</b>	<b>1,664,076</b>	<b>2,053,593</b>
5.1.1 Protection and Solutions	528,269	539,880
5.1.2 Crisis Assistance and Recovery	1,088,225	1,472,902
5.1.3 Program Support (Protection)	47,582	40,811
<b>5.2 Disaster Readiness</b>	<b>74,775</b>	<b>17,449</b>
5.2.1 Capacity Building, Preparedness, and Planning	57,683	13,719
5.2.2 Mitigation	16,721	3,490
5.2.3 Program Support (Disaster Readiness)	371	240
<b>5.3 Migration Management</b>	<b>69,588</b>	<b>53,223</b>
5.3.1 Protection and Assistance	58,658	40,000
5.3.2 Institutional Support and Capacity-building	9,681	11,590
5.3.3 Program Support (Migration)	1,249	1,633
Note: USAID administrative accounts, International Financial Institutions, and Independent Departments and Agencies are not included.		

\*Note: P.L. 480 Emergency Food Aid, MRA, ERMA, and IDFA are largely not allocated to program element in the FY 2008 Request, but are allocated in FY 2006 Actual.

Country/Category by Objective						
FY 2008 Request						
(\$ Thousand)						
	TOTAL	Peace and Security	Governing Justly and Democratically	Investing in People	Economic Growth	Humanitarian Assistance
<b>TOTAL</b>	19,775,913	6,879,051	1,447,965	6,954,303	2,370,329	2,124,265
<b>1 Rebuilding</b>	3,449,656	1,212,698	606,508	561,300	703,800	365,350
Afghanistan	1,067,050	380,750	202,000	129,900	354,400	-
Colombia	589,710	526,254	24,256	35,000	4,200	-
Cote d'Ivoire	96,100	100	-	96,000	-	-
Democratic Republic of the Congo	80,200	8,550	20,850	39,800	11,000	-
Haiti	222,900	44,174	23,173	122,941	32,112	500
Iraq	391,800	85,980	171,820	25,000	109,000	-
Kosovo	151,646	43,000	43,746	15,800	43,100	6,000
Liberia	115,575	23,730	26,901	28,844	36,100	-
Nepal	26,625	6,140	2,500	17,985	-	-
Sierra Leone	16,550	550	1,000	6,180	8,820	-
Somalia	12,300	2,300	5,700	4,300	-	-
Sudan	679,200	91,170	84,562	39,550	105,068	358,850
<b>2 Developing</b>	6,869,526	2,266,938	403,359	3,156,874	960,624	81,731
Albania	20,000	6,800	5,800	3,100	4,300	-
Algeria	2,885	1,720	400	-	765	-
Angola	34,950	6,800	10,172	15,400	2,463	115
Armenia	38,900	6,300	12,200	6,300	12,900	1,200
Azerbaijan	25,380	8,080	9,700	2,000	5,100	500
Bangladesh	119,790	10,625	21,479	66,615	13,861	7,210
Bosnia and Herzegovina	32,950	14,550	12,050	-	6,350	-
Burkina Faso	10,200	200	-	7,468	2,532	-
Burundi	28,550	2,550	5,700	6,000	14,300	-
Cambodia	40,906	2,980	7,725	25,756	4,445	-
Cameroon	1,295	295	-	1,000	-	-
Cape Verde	600	600	-	-	-	-
Central African Republic	100	100	-	-	-	-
Chad	5,300	300	-	2,000	3,000	-
Comoros	100	100	-	-	-	-
Djibouti	7,090	3,850	500	2,740	-	-
Dominican Republic	31,230	2,830	5,750	11,700	10,950	-
Ecuador	20,572	13,562	3,072	-	3,938	-
Egypt	1,720,870	1,305,870	50,000	232,028	132,972	-
Ethiopia	505,965	4,350	5,400	453,800	41,915	500
Fiji	370	370	-	-	-	-
Georgia	64,515	25,415	14,400	8,100	13,800	2,800
Guatemala	49,820	6,020	5,300	26,042	12,458	-
Guinea	15,593	650	5,443	7,100	2,400	-
Guinea-Bissau	700	100	600	-	-	-
Guyana	25,955	550	2,105	21,300	2,000	-
Indonesia	185,639	41,715	29,414	87,510	27,000	-
Jamaica	10,876	2,764	2,437	3,190	2,485	-
Jordan	513,219	229,622	27,030	92,500	164,067	-
Kazakhstan	21,597	8,400	4,500	3,500	5,197	-
Kenya	540,424	8,274	4,300	504,600	22,750	500
Kyrgyz Republic	29,515	8,700	8,000	4,050	8,265	500
Laos	4,571	3,250	220	1,051	50	-
Macedonia	25,035	6,885	6,850	3,000	8,300	-
Malawi	59,600	300	1,250	40,904	16,846	300
Maldives	195	195	-	-	-	-
Mauritania	6,950	630	1,320	4,000	1,000	-
Moldova	13,975	1,675	8,800	200	3,000	300
Montenegro	8,272	1,100	1,572	-	5,600	-
Morocco	29,055	7,555	5,500	3,000	13,000	-
Niger	18,505	1,100	1,300	5,605	10,500	-
Nigeria	533,550	5,350	13,200	507,500	7,500	-
Pakistan	785,000	341,700	41,600	103,000	248,700	50,000
Papua New Guinea	2,360	280	-	2,080	-	-
Paraguay	6,750	950	2,800	1,300	1,700	-
Peru	90,365	67,641	3,050	14,450	5,224	-
Republic of the Congo	100	100	-	-	-	-
Romania	20,200	20,200	-	-	-	-

<b>Country/Category by Objective</b>						
<b>FY 2008 Request</b>						
(\$ Thousand)						
	<b>TOTAL</b>	<b>Peace and Security</b>	<b>Governing Justly and Democratically</b>	<b>Investing in People</b>	<b>Economic Growth</b>	<b>Humanitarian Assistance</b>
Senegal	34,800	3,300	1,400	23,550	6,350	200
Serbia	53,250	2,950	16,200	1,500	32,600	-
Solomon Islands	150	150	-	-	-	-
Suriname	345	345	-	-	-	-
Swaziland	7,600	100	-	7,500	-	-
Tajikistan	32,120	14,940	4,600	4,200	7,580	800
Togo	220	100	120	-	-	-
Tonga	395	395	-	-	-	-
Tunisia	4,764	4,564	200	-	-	-
Turkmenistan	6,550	1,450	2,200	2,100	800	-
Uganda	329,250	4,750	4,100	292,750	27,650	-
Ukraine	84,000	35,900	20,400	11,000	15,500	1,200
Uzbekistan	9,374	1,500	3,150	2,830	1,494	400
Vietnam	94,715	1,315	800	87,700	4,900	-
Yemen	23,059	10,226	6,450	6,383	-	-
Zambia	336,193	400	500	308,270	11,817	15,206
<b>3 Transforming</b>	<b>1,284,002</b>	<b>118,946</b>	<b>58,749</b>	<b>947,726</b>	<b>155,782</b>	<b>2,799</b>
Benin	10,974	150	-	10,824	-	-
Bolivia	111,713	48,213	24,300	21,500	15,700	2,000
Brazil	3,718	1,718	-	2,000	-	-
Bulgaria	15,200	15,200	-	-	-	-
East Timor	10,050	1,410	2,845	-	5,795	-
El Salvador	24,860	7,385	3,318	9,000	5,157	-
Gambia	120	120	-	-	-	-
Ghana	41,300	1,400	2,000	26,300	11,600	-
Honduras	38,961	1,830	5,850	20,350	10,931	-
India	81,000	4,400	-	75,700	900	-
Lesotho	7,550	50	-	7,500	-	-
Madagascar	33,450	350	1,500	18,601	12,600	399
Mali	29,080	250	2,350	19,480	7,000	-
Mongolia	8,840	2,640	-	-	6,200	-
Mozambique	281,435	800	2,045	243,650	34,740	200
Namibia	115,325	100	-	115,225	-	-
Nicaragua	29,375	2,175	4,000	11,700	11,300	200
Philippines	84,669	19,563	8,100	31,391	25,615	-
Samoa	40	40	-	-	-	-
Sri Lanka	6,950	3,450	1,367	-	2,133	-
Tanzania	341,550	900	1,074	333,465	6,111	-
Thailand	7,540	6,500	-	1,040	-	-
Uruguay	187	187	-	-	-	-
Vanuatu	115	115	-	-	-	-
<b>4 Sustaining Partnership</b>	<b>3,372,051</b>	<b>2,575,946</b>	<b>47,555</b>	<b>703,000</b>	<b>44,250</b>	<b>1,300</b>
Argentina	2,022	2,022	-	-	-	-
Bahamas	1,200	1,200	-	-	-	-
Bahrain	7,300	6,200	1,100	-	-	-
Belize	370	370	-	-	-	-
Botswana	79,690	690	-	79,000	-	-
Chile	1,350	1,350	-	-	-	-
Costa Rica	187	187	-	-	-	-
Croatia	774	774	-	-	-	-
Cyprus	11,000	11,000	-	-	-	-
Czech Republic	4,300	4,300	-	-	-	-
Eastern Caribbean	1,630	1,630	-	-	-	-
Equatorial Guinea	45	45	-	-	-	-
Estonia	4,100	4,100	-	-	-	-
Gabon	200	200	-	-	-	-
Greece	590	590	-	-	-	-
Hungary	3,200	3,200	-	-	-	-
Ireland	1,000	500	-	-	500	-
Israel	2,400,500	2,400,500	-	-	-	-
Kuwait	485	15	470	-	-	-
Latvia	4,100	4,100	-	-	-	-
Lebanon	59,776	17,676	10,000	6,500	25,600	-

## Country/Category by Objective

### FY 2008 Request

(\$ Thousand)

	TOTAL	Peace and Security	Governing Justly and Democratically	Investing in People	Economic Growth	Humanitarian Assistance
Marshall Islands	60	60	-	-	-	-
Mauritius	340	150	190	-	-	-
Mexico	45,124	24,579	9,495	5,200	5,650	200
Oman	13,505	13,505	-	-	-	-
Panama	2,285	2,285	-	-	-	-
Poland	29,200	29,200	-	-	-	-
Portugal	690	690	-	-	-	-
Qatar	285	285	-	-	-	-
Russia	52,200	7,600	26,200	17,300	-	1,100
Saudi Arabia	115	115	-	-	-	-
Seychelles	100	100	-	-	-	-
Singapore	725	725	-	-	-	-
Slovakia	4,100	4,100	-	-	-	-
Slovenia	1,385	1,385	-	-	-	-
South Africa	609,000	2,200	100	595,000	11,700	-
Taiwan	775	775	-	-	-	-
Trinidad and Tobago	1,478	1,478	-	-	-	-
Turkey	18,375	17,575	-	-	800	-
United Arab Emirates	615	615	-	-	-	-
<b>5 Restrictive</b>	<b>248,830</b>	<b>4,200</b>	<b>157,975</b>	<b>40,375</b>	<b>19,425</b>	<b>26,855</b>
<b>6 Regional</b>	<b>577,016</b>	<b>76,893</b>	<b>70,649</b>	<b>206,450</b>	<b>219,524</b>	<b>3,500</b>
Africa Regional	28,583	21,333	2,300	4,950	-	-
Africa Regional - USAID	180,180	5,850	6,100	121,955	46,275	-
Asia and Near East Regional	11,065	225	1,025	5,440	4,375	-
Caribbean Regional	9,310	-	-	5,000	4,310	-
Central Africa Regional	11,300	-	-	-	11,300	-
Central America Regional	10,700	-	1,650	4,000	5,050	-
Central Asia Regional	2,500	-	400	700	1,400	-
East Africa Regional	24,320	7,360	1,000	5,760	10,200	-
East Asia and Pacific Regional	29,365	5,600	1,070	200	22,385	110
Eurasia Regional	22,219	7,410	4,790	2,749	4,970	2,300
Europe Regional	21,704	10,565	3,869	1,675	5,595	-
Latin America and Caribbean Regional	38,400	-	1,935	10,871	25,594	-
Middle East Regional	3,800	2,500	300	1,000	-	-
Near East Regional	75,000	-	40,770	16,040	18,190	-
Regional Development Mission - Asia	20,400	-	-	11,550	8,850	-
South America Regional	1,500	-	-	-	1,500	-
South and Central Asia Regional	1,120	400	-	720	-	-
South Asia Regional	2,700	-	-	-	2,700	-
Southern Africa Regional	14,600	-	2,000	2,000	10,600	-
West Africa Regional	40,100	13,900	-	11,500	14,700	-
Western Hemisphere Regional	28,150	1,750	3,440	340	21,530	1,090
<b>7 Global</b>	<b>3,974,832</b>	<b>623,430</b>	<b>103,170</b>	<b>1,338,578</b>	<b>266,924</b>	<b>1,642,730</b>
Avian Influenza	100,000	-	-	100,000	-	-
Coordinator for Counterterrorism (CT)	41,600	41,600	-	-	-	-
DCHA Contingency	835,900	16,790	15,410	-	-	803,700
Democracy, Conflict, and Humanitarian Assistance (DCHA)	65,050	6,200	18,270	26,000	5,000	9,580
Democracy, Human Rights, and Labor (DRL)	35,000	-	35,000	-	-	-
Economic Growth, Agriculture and Trade (EGAT)	104,300	1,100	2,000	14,631	86,569	-
Global Development Alliances (GDA)	7,500	-	-	1,720	5,780	-
Global Health (GH)	438,619	-	-	438,619	-	-
International Narcotics and Law Enforcement (INL)	131,100	121,285	9,815	-	-	-
International Organizations (IO)	289,400	4,950	22,675	123,000	135,775	3,000
International Partnerships	97,108	-	-	97,108	-	-
International Security and Nonproliferation (ISN)	168,500	168,500	-	-	-	-
Oceans and International Environment and Scientific Affairs (OES)	34,300	-	-	500	33,800	-
Office of the U.S. Global AIDS Coordinator	537,000	-	-	537,000	-	-
Office to Monitor and Combat Trafficking in Persons	6,700	6,700	-	-	-	-
Political-Military Affairs (PM)	254,255	254,255	-	-	-	-
Population, Refugees, and Migration (PRM)	828,500	2,050	-	-	-	826,450

Note: USAID Admin, International Financial Institutions, and Independent Departments and Agencies are not included.

**P.L. 480 Title II - Dollars (Thousands)**

Region/Country	FY 2006 Final Program Levels					FY 2007 Estimate	FY 2008 Request a/				
	Total	Transport	Commodity b/		IEFR d/	Total	Total	Transport	Commodity b/		IEFR d/
			PVO/CDO	WFP c/					PVO/CDO	WFP c/	
<b>ASIA/NEAR EAST</b>	<b>171,420</b>	<b>76,511</b>	<b>57,250</b>	<b>32,837</b>	<b>4,822</b>	<b>+</b>	<b>54,500</b>	<b>32,700</b>	<b>21,800</b>	<b>0</b>	<b>0</b>
Afghanistan*	60,031	36,422	0	23,609	0	+	10,000	6,000	4,000	0	0
Bangladesh	30,208	11,733	18,475	0	0	+	31,000	18,600	12,400	0	0
East Timor*	1,182	651	0	531	0	+	0	0	0	0	0
India	43,502	10,844	32,658	0	0	+	13,500	8,100	5,400	0	0
Indonesia*	12,886	5,883	6,117	886	0	+	0	0	0	0	0
Lebanon*	281	176	0	0	105	+	0	0	0	0	0
Nepal*	1,213	336	0	877	0	+	0	0	0	0	0
Pakistan*	17,675	8,191	0	4,767	4,717	+	0	0	0	0	0
West Bank/Gaza*	4,442	2,275	0	2,167	0	+	0	0	0	0	0
<b>EUROPE &amp; EURASIA</b>	<b>17,200</b>	<b>8,108</b>	<b>3,802</b>	<b>5,290</b>	<b>0</b>	<b>+</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Azerbaijan*	1,954	979	0	975	0	+	0	0	0	0	0
Georgia*	1,416	706	0	710	0	+	0	0	0	0	0
Tajikistan*	13,830	6,423	3,802	3,605	0	+	0	0	0	0	0
<b>LATIN AMERICA</b>	<b>109,613</b>	<b>39,392</b>	<b>64,652</b>	<b>4,003</b>	<b>1,565</b>	<b>+</b>	<b>77,500</b>	<b>46,500</b>	<b>31,000</b>	<b>0</b>	<b>0</b>
Bolivia	15,953	7,420	8,533	0	0	+	13,000	7,800	5,200	0	0
Colombia*	2,973	1,593	0	1,380	0	+	0	0	0	0	0
El Salvador*	856	377	0	479	0	+	0	0	0	0	0
Guatemala*	19,515	6,622	11,019	309	1,565	+	14,000	8,400	5,600	0	0
Haiti*	35,955	13,070	21,934	951	0	+	34,500	20,700	13,800	0	0
Honduras*	13,105	4,408	8,315	383	0	+	10,000	6,000	4,000	0	0
Nicaragua*	13,006	4,420	8,084	503	0	+	6,000	3,600	2,400	0	0
Peru	8,250	1,482	6,767	0	0	+	0	0	0	0	0
<b>AFRICA</b>	<b>1,200,872</b>	<b>805,886</b>	<b>185,189</b>	<b>134,472</b>	<b>75,325</b>	<b>+</b>	<b>467,500</b>	<b>280,500</b>	<b>89,000</b>	<b>98,000</b>	<b>0</b>
Angola*	3,493	2,026	0	1,467	0	+	0	0	0	0	0
Benin	1,591	608	983	0	0	+	0	0	0	0	0
Burkina Faso	17,709	8,086	9,623	0	0	+	10,000	6,000	4,000	0	0
Burundi*	14,669	9,364	0	5,305	0	+	5,000	3,000	2,000	0	0
Cape Verde	5,195	1,601	3,594	0	0	+	0	0	0	0	0
Central African Republic (CAR)*	566	390	0	176	0	+	0	0	0	0	0
Chad*	26,475	19,443	1,459	312	5,261	+	5,000	3,000	2,000	0	0
Congo-Brazzaville*	784	485	0	299	0	+	0	0	0	0	0
Congo-Democratic Republic*	39,898	27,953	2,047	9,898	0	+	10,000	6,000	4,000	0	0
Cote d'Ivoire*	3,439	2,116	0	1,323	0	+	0	0	0	0	0
Djibouti*	2,094	1,133	0	0	961	+	0	0	0	0	0
Eritrea*	2,432	17	2,415	0	0	+	0	0	0	0	0
Ethiopia*	144,504	77,715	36,286	30,503	0	+	25,000	15,000	10,000	0	0
Gambia	3,034	667	2,367	0	0	+	0	0	0	0	0
Ghana	22,656	8,606	14,050	0	0	+	7,000	4,200	2,800	0	0

**P.L. 480 Title II - Dollars (Thousands)**

Region/Country	FY 2006 Final Program Levels					FY 2007 Estimate	FY 2008 Request a/				
	Total	Transport	Commodity b/			Total	Total	Transport	Commodity b/		
			PVO/CDO	WFP c/	IEFR d/				PVO/CDO	WFP c/	IEFR d/
Guinea*	8,331	3,739	2,668	1,924	0	+	3,000	1,800	1,200	0	0
Kenya*	92,465	50,038	5,806	6,202	30,419	+	7,000	4,200	2,800	0	0
Liberia*	26,971	16,062	1,900	9,009	0	+	9,000	5,400	3,600	0	0
Madagascar	16,426	5,467	10,959	0	0	+	15,000	9,000	6,000	0	0
Malawi	7,838	3,304	4,534	0	0	+	18,000	10,800	7,200	0	0
Mali*	6,361	3,810	1,083	1,468	0	+	2,000	1,200	800	0	0
Mauritania*	6,066	3,442	1,152	1,472	0	+	5,000	3,000	2,000	0	0
Mozambique	15,601	5,520	10,081	0	0	+	20,000	12,000	8,000	0	0
Niger*	19,445	11,784	2,423	5,187	52	+	15,000	9,000	6,000	0	0
Rwanda*	20,430	10,201	6,743	3,486	0	+	10,000	6,000	4,000	0	0
Senegal	4,503	1,535	2,968	0	0	+	3,500	2,100	1,400	0	0
Sierra Leone*	12,472	4,593	6,696	1,183	0	+	12,000	7,200	4,800	0	0
Somalia*	81,377	60,230	13,765	7,382	0	+	0	0	0	0	0
Southern Africa (crisis response)*	150,783	97,468	24,969	28,346	0	+	0	0	0	0	0
Sudan*	370,207	323,493	8,082	0	38,632	+	245,000	147,000	0	98,000	0
Tanzania*	13,711	9,347	0	4,364	0	+	0	0	0	0	0
Uganda*	54,861	33,110	6,984	14,767	0	+	23,000	13,800	9,200	0	0
Zambia*	4,489	2,534	1,552	403	0	+	18,000	10,800	7,200	0	0
<b>Prepositioned Stocks*</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>+</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>WORLDWIDE TOTAL</b>	<b>1,499,105</b>	<b>929,897</b>	<b>310,893</b>	<b>176,602</b>	<b>81,712</b>	<b>+</b>	<b>599,500</b>	<b>359,700</b>	<b>141,800</b>	<b>98,000</b>	<b>0</b>
* Includes emergency program. Emergency levels are detailed in separate table (EMERGENCY PROGRAMS) below.											
<b>EMERGENCY PROGRAMS</b>											
<b>ASIA/NEAR EAST</b>	<b>87,821</b>	<b>50,163</b>	<b>0</b>	<b>32,837</b>	<b>4,822</b>	<b>+</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Afghanistan	60,031	36,422	0	23,609	0	+	0	0	0	0	0
East Timor	1,182	651	0	531	0	+	0	0	0	0	0
Indonesia	2,998	2,112	0	886	0	+	0	0	0	0	0
Lebanon	281	176	0	0	105	+	0	0	0	0	0
Nepal	1,213	336	0	877	0	+	0	0	0	0	0
Pakistan	17,675	8,191	0	4,767	4,717	+	0	0	0	0	0
West Bank/Gaza	4,442	2,275	0	2,167	0	+	0	0	0	0	0

**P.L. 480 Title II - Dollars (Thousands)**

Region/Country	FY 2006 Final Program Levels					FY 2007 Estimate	FY 2008 Request a/				
	Total	Transport	Commodity b/			Total	Total	Transport	Commodity b/		
			PVO/CDO	WFP c/	IEFR d/				PVO/CDO	WFP c/	IEFR d/
<b>EUROPE &amp; EURASIA</b>	<b>10,951</b>	<b>5,662</b>	<b>0</b>	<b>5,290</b>	<b>0</b>	<b>+</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Azerbaijan	1,954	979	0	975	0	+	0	0	0	0	0
Georgia	1,416	706	0	710	0	+	0	0	0	0	0
Tajikistan	7,582	3,978	0	3,605	0	+	0	0	0	0	0
<b>LATIN AMERICA</b>	<b>15,333</b>	<b>8,294</b>	<b>1,471</b>	<b>4,003</b>	<b>1,565</b>	<b>+</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Colombia	2,973	1,593	0	1,380	0	+	0	0	0	0	0
El Salvador	856	377	0	479	0	+	0	0	0	0	0
Guatemala	7,559	4,213	1,471	309	1,565	+	0	0	0	0	0
Haiti	2,355	1,404	0	951	0	+	0	0	0	0	0
Honduras	665	283	0	383	0	+	0	0	0	0	0
Nicaragua	926	423	0	503	0	+	0	0	0	0	0
<b>AFRICA</b>	<b>1,043,865</b>	<b>743,888</b>	<b>90,181</b>	<b>134,472</b>	<b>75,325</b>	<b>+</b>	<b>245,000</b>	<b>147,000</b>	<b>0</b>	<b>98,000</b>	<b>0</b>
Angola	3,493	2,026	0	1,467	0	+	0	0	0	0	0
Burundi	14,669	9,364	0	5,305	0	+	0	0	0	0	0
Central African Republic	565	390	0	176	0	+	0	0	0	0	0
Chad	23,749	18,176	0	312	5,261	+	0	0	0	0	0
Congo-Brazzaville	784	485	0	299	0	+	0	0	0	0	0
Congo-Democratic Republic	39,898	27,953	2,047	9,898	0	+	0	0	0	0	0
Cote d'Ivoire	3,439	2,116	0	1,323	0	+	0	0	0	0	0
Djibouti	2,094	1,133	0	0	961	+	0	0	0	0	0
Eritrea	2,432	17	2,415	0	0	+	0	0	0	0	0
Ethiopia	139,668	75,368	33,797	30,503	0	+	0	0	0	0	0
Guinea	4,798	2,874	0	1,924	0	+	0	0	0	0	0
Kenya	82,397	45,776	0	6,202	30,419	+	0	0	0	0	0
Liberia	26,971	16,062	1,900	9,009	0	+	0	0	0	0	0
Mali	6,361	3,810	1,083	1,468	0	+	0	0	0	0	0
Mauritania	4,373	2,901	0	1,472	0	+	0	0	0	0	0
Niger	16,697	10,520	938	5,187	52	+	0	0	0	0	0
Rwanda	7,967	4,481	0	3,486	0	+	0	0	0	0	0
Sierra Leone	4,699	2,332	1,185	1,183	0	+	0	0	0	0	0
Somalia	81,377	60,230	13,765	7,382	0	+	0	0	0	0	0
Southern Africa (crisis response)	150,783	97,468	24,969	28,346	0	+	0	0	0	0	0
Sudan	370,208	323,493	8,082	0	38,632	+	245,000	147,000	0	98,000	0
Tanzania	13,711	9,347	0	4,364	0	+	0	0	0	0	0
Uganda	41,203	26,436	0	14,767	0	+	0	0	0	0	0
Zambia	1,533	1,130	0	403	0	+	0	0	0	0	0
<b>Prepositioned Stocks</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>+</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

**P.L. 480 Title II - Dollars (Thousands)**

Region/Country	FY 2006 Final Program Levels					FY 2007 Estimate	FY 2008 Request a/				
	Total	Transport	Commodity b/			Total	Total	Transport	Commodity b/		
			PVO/CDO	WFP c/	IEFR d/				PVO/CDO	WFP c/	IEFR d/
<b>Worldwide Emergency Total</b>	<b>1,157,972</b>	<b>808,006</b>	<b>91,652</b>	<b>176,601</b>	<b>81,712</b>	<b>+</b>	<b>245,000</b>	<b>147,000</b>	<b>0</b>	<b>98,000</b>	<b>0</b>
<b>WORLDWIDE</b>	<b>1,499,101</b>	<b>929,896</b>	<b>310,891</b>	<b>176,602</b>	<b>81,712</b>	<b>+</b>	<b>599,500</b>	<b>359,700</b>	<b>141,800</b>	<b>98,000</b>	<b>0</b>
Regular	341,129	121,890	219,239	0	0	+	354,500	212,700	141,800	0	0
Emergency	1,157,972	808,006	91,652	176,601	81,712	+	245,000	147,000	0	98,000	0
<b>ASIA/NEAR EAST</b>	<b>171,419</b>	<b>76,510</b>	<b>57,250</b>	<b>32,837</b>	<b>4,822</b>	<b>+</b>	<b>54,500</b>	<b>32,700</b>	<b>21,800</b>	<b>0</b>	<b>0</b>
Regular	83,597	26,347	57,250	0	0	+	54,500	32,700	21,800	0	0
Emergency	87,822	50,163	0	32,837	4,822	+	0	0	0	0	0
<b>EUROPE &amp; EURASIA</b>	<b>17,199</b>	<b>8,107</b>	<b>3,802</b>	<b>5,290</b>	<b>0</b>	<b>+</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Regular	6,248	2,446	3,802	0	0	+	0	0	0	0	0
Emergency	10,951.3	5,662	0	5,290	0	+	0	0	0	0	0
<b>LATIN AMERICA</b>	<b>109,613</b>	<b>39,393</b>	<b>64,652</b>	<b>4,003</b>	<b>1,565</b>	<b>+</b>	<b>77,500</b>	<b>46,500</b>	<b>31,000</b>	<b>0</b>	<b>0</b>
Regular	94,280	31,099	63,181	0	0	+	77,500	46,500	31,000	0	0
Emergency	15,333	8,294	1,471	4,003	1,565	+	0	0	0	0	0
<b>AFRICA</b>	<b>1,200,870</b>	<b>805,886</b>	<b>185,189</b>	<b>134,472</b>	<b>75,325</b>	<b>+</b>	<b>467,500</b>	<b>280,500</b>	<b>89,000</b>	<b>98,000</b>	<b>0</b>
Regular	157,004	61,998	95,006	0	0	+	222,500	133,500	89,000	0	0
Emergency	1,043,866	743,888	90,181	134,472	75,325	+	245,000	147,000	0	98,000	0
<b>Prepositioned Stocks</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>+</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>UNALLOCATED BALANCE:</b>											
<b>Total</b>	<b>157,700</b>					<b>+</b>	<b>619,900</b>				
Regular	0					+	0				
PVO Emergency	0					+	0				
WFP Pledge	0					+	0				
Emergency & WFP PRROs	0					+	0				
Overall Title II e/	157,700					+	619,900				



**P.L. 480 Title II - Dollars (Thousands)**

Region/Country	FY 2006 Final Program Levels					FY 2007 Estimate	FY 2008 Request a/				
	Total	Transport	Commodity b/			Total	Total	Transport	Commodity b/		
			PVO/CDO	WFP c/	IEFR d/				PVO/CDO	WFP c/	IEFR d/
<b>Total Adjustments:</b>	<b>-168,301</b>					<b>+</b>	<b>0</b>				
Section 202(e)	26,032					+	63,650				
Farmer-to-Farmer (FTF) f/	10,000					+	10,000				
Intern. Food Relief Partn. Act	7,000					+	7,000				
Administrative support	9,000					+	9,350				
Prior Year Recoveries and other adjustments g/	(250,333)					+	(90,000)				
Carry-Out (estimated)	80,000					+	0				
Carry-In	(50,000)					+	0				
<b>PROGRAM TOTAL h/</b>	<b>1,488,500</b>					<b>1,223,100</b>	<b>1,219,400</b>				
<b>Supplemental Request</b>											
Sudan/Darfur/Chad						150,000					
Afghanistan						30,000					
Other						170,000					
<b>Supplemental Request Total</b>						<b>350,000</b>					
<p><i>Note: A regular FY 2007 appropriation for this account had not been enacted at the time the budget was prepared; therefore, this account is operating under a continuing resolution. The amounts included for FY 2007 in this budget reflect the levels provided under the continuing resolution. Country allocations for FY 2007 will be made once a FY 2007 appropriation bill is enacted.</i></p>											
<p>a/ FY 2008 country totals are inclusive of 202(e). Country levels may be adjusted throughout the fiscal year where approved levels are increased from the unallocated balance.</p>											
<p>b/ Based on seasonal estimated average prices provided by USDA/FAS Sept 2006.</p>											
<p>c/ USAID approves World Food Program (WFP) distribution to assure compliance with all laws and provides broad financial overview to ensure proper accounting of U.S. funds.</p>											
<p>d/ International Emergency Food Reserve (IEFR), implemented by WFP.</p>											
<p>e/ These funds will be used for non-emergency programs unless they are required for emergencies, in which case the Administrator may waive the sub-minimum mandate through official procedures sometime after the beginning of the applicable fiscal year.</p>											
<p>f/ This figure includes the Title II portion of the Farmer-to-Farmer (FTF) P.L. 480 contribution.</p>											
<p>g/ Prior year recoveries also include confirmed fallout, commodity cost savings, freight cost over-runs and Maritime Administration reimbursements for cargo preference premiums.</p>											
<p>h/ FY 2006 Base Appropriation of \$1,138.5 million was increased to include \$350 million of emergency supplemental for Sudan and major emergencies.</p>											

## Country/Account Summary

FY 2006 Actual

(\$ in thousands)

	TOTAL	ACI	SEED	FSA	CSH	DA	ESF	FMF	GHAI	IMET	INCLE	MRA	NADR	PKO	PL 480	TI	Other*
Africa	21,840,171	727,155	357,390	508,860	1,591,425	1,508,760	2,616,075	4,464,900	1,975,050	85,877	472,428	783,090	405,999	173,250	1,138,500	39,600	4,991,812
Angola	32,171	-	-	-	13,634	5,468	2,970	-	-	486	-	-	6,120	-	3,493	-	-
Benin	16,731	-	-	-	7,606	4,378	-	-	-	145	-	-	-	-	1,591	-	3,011
Botswana	43,231	-	-	-	-	-	-	-	41,000	760	-	-	-	-	-	-	1,471
Burkina Faso	20,611	-	-	-	-	-	-	-	-	123	-	-	-	-	17,709	-	2,779
Burundi	25,488	-	-	-	2,570	2,917	3,811	-	-	140	-	-	-	-	14,669	1,381	-
Cameroon	3,225	-	-	-	-	-	-	-	-	231	-	-	-	-	-	-	2,994
Cape Verde	7,011	-	-	-	-	-	-	-	-	124	-	-	-	-	5,195	-	1,692
Central African Republic	670	-	-	-	-	-	-	-	-	105	-	-	-	-	565	-	-
Chad	30,539	-	-	-	-	-	-	-	-	342	-	-	2,405	-	26,475	-	1,317
Comoros	53	-	-	-	-	-	-	-	-	53	-	-	-	-	-	-	-
Cote d'Ivoire	33,676	-	-	-	-	-	-	-	30,137	-	-	-	100	-	3,439	-	-
Democratic Republic of the Congo	90,176	-	-	-	23,537	21,447	4,950	-	-	306	-	-	-	-	39,898	38	-
Djibouti	11,431	-	-	-	-	-	4,950	3,960	-	307	-	-	120	-	2,094	-	-
Eritrea	2,832	-	-	-	-	-	-	-	-	-	-	-	400	-	2,432	-	-
Ethiopia	307,850	-	-	-	30,692	31,910	9,900	1,980	109,500	594	-	-	270	-	123,004	-	-
Gabon	231	-	-	-	-	-	-	-	-	231	-	-	-	-	-	-	-
Gambia	5,202	-	-	-	-	-	-	-	-	72	-	-	-	-	3,034	-	2,096
Ghana	72,104	-	-	-	18,157	27,354	-	495	-	645	-	-	100	-	22,656	-	2,697
Guinea	27,139	-	-	-	7,001	9,140	-	-	-	376	-	-	-	-	8,330	-	2,292
Guinea-Bissau	136	-	-	-	-	-	-	-	-	136	-	-	-	-	-	-	-
Kenya	272,677	-	-	-	17,840	21,615	6,420	-	175,950	-	-	-	4,763	-	42,965	-	3,124
Lesotho	2,297	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2,297
Liberia	105,997	-	-	-	2,867	23,726	42,719	1,980	-	130	990	-	220	-	26,971	6,394	-
Madagascar	40,666	-	-	-	11,526	10,266	-	-	-	231	-	-	-	-	16,426	-	2,217
Malawi	50,047	-	-	-	21,125	18,632	-	-	-	345	-	-	-	-	7,838	-	2,107
Mali	42,483	-	-	-	16,554	15,349	-	-	-	-	-	-	564	-	6,361	-	3,655
Mauritania	8,960	-	-	-	-	-	-	-	-	-	-	-	-	-	6,065	-	2,895
Mauritius	1,029	-	-	-	-	-	-	-	-	126	-	-	903	-	-	-	-
Mozambique	130,791	-	-	-	17,262	13,407	-	-	79,600	245	-	-	2,344	-	15,601	-	2,332
Namibia	62,395	-	-	-	1,168	7,079	-	-	51,500	-	-	-	-	-	-	-	2,648
Niger	23,162	-	-	-	-	-	-	-	-	-	-	-	905	-	19,445	-	2,812
Nigeria	180,354	-	-	-	21,544	12,488	4,950	990	138,600	792	990	-	-	-	-	-	-
Republic of the Congo	939	-	-	-	-	-	-	-	-	155	-	-	-	-	784	-	-
Rwanda	95,259	-	-	-	7,284	7,257	-	-	60,000	288	-	-	-	-	20,430	-	-
Sao Tome and Principe	289	-	-	-	-	-	-	-	-	289	-	-	-	-	-	-	-
Senegal	51,245	-	-	-	14,001	25,909	-	495	-	1,089	-	-	1,200	-	4,503	-	4,048
Seychelles	103	-	-	-	-	-	-	-	-	103	-	-	-	-	-	-	-
Sierra Leone	29,538	-	-	-	-	3,756	13,000	-	-	311	-	-	-	-	12,471	-	-
Somalia	35,289	-	-	-	-	7,912	-	-	-	-	-	-	-	-	27,377	-	-

## Country/Account Summary

FY 2006 Actual

(\$ in thousands)

	TOTAL	ACI	SEED	FSA	CSH	DA	ESF	FMF	GHAI	IMET	INCLE	MRA	NADR	PKO	PL 480	TI	Other*
South Africa	227,587	-	-	-	5,070	25,662	1,287	-	191,553	-	594	-	39	-	-	-	3,382
Sudan	498,773	-	-	-	19,000	70,000	19,800	-	-	-	-	-	3,020	70,000	145,208	6,755	164,990
Swaziland	2,005	-	-	-	-	-	-	-	-	123	-	-	-	-	-	-	1,882
Tanzania	154,013	-	-	-	21,954	12,617	-	-	100,312	-	-	-	2,701	-	13,711	-	2,718
Togo	2,756	-	-	-	-	-	-	-	-	37	-	-	32	-	-	-	2,687
Uganda	246,232	-	-	-	20,648	23,414	-	-	145,000	340	-	-	140	-	54,862	-	1,828
Zambia	168,880	-	-	-	16,004	27,972	-	-	116,000	261	-	-	100	-	4,488	-	4,055
Zimbabwe	17,559	-	-	-	10,973	3,601	2,970	-	-	-	-	-	-	-	-	15	-
Africa Regional	158,117	-	-	-	28,204	68,949	15,408	3,960	-	136	594	-	-	40,866	-	-	-
Central Africa Regional	17,500	-	-	-	-	17,500	-	-	-	-	-	-	-	-	-	-	-
East Africa Regional	45,197	-	-	-	10,098	20,299	-	-	-	-	-	-	-	-	-	-	14,800
Southern Africa Regional	174,983	-	-	-	7,401	16,799	-	-	-	-	-	-	-	-	150,783	-	-
West Africa Regional	57,666	-	-	-	18,216	39,450	-	-	-	-	-	-	-	-	-	-	-
<b>East Asia &amp; Pacific</b>	<b>537,360</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>106,551</b>	<b>96,988</b>	<b>181,665</b>	<b>37,867</b>	<b>31,214</b>	<b>9,169</b>	<b>10,395</b>	<b>-</b>	<b>31,049</b>	<b>-</b>	<b>14,068</b>	<b>-</b>	<b>18,394</b>
Brunei	18	-	-	-	-	-	-	-	-	-	-	-	18	-	-	-	-
Burma	10,890	-	-	-	-	-	10,890	-	-	-	-	-	-	-	-	-	-
Cambodia	56,014	-	-	-	28,556	5,483	14,850	990	-	54	-	-	5,000	-	-	-	1,081
China	10,593	-	-	-	-	4,950	3,960	-	-	-	-	-	-	-	-	-	1,683
East Timor	23,487	-	-	-	-	-	18,810	990	-	193	1,485	-	-	-	1,182	-	827
Fiji	2,561	-	-	-	-	-	-	494	-	235	-	-	-	-	-	-	1,832
Indonesia	157,168	-	-	-	28,017	33,199	69,300	990	-	938	4,950	-	6,888	-	12,886	-	-
Kiribati	1,362	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,362
Laos	4,290	-	-	-	-	-	-	-	-	-	990	-	3,300	-	-	-	-
Malaysia	2,417	-	-	-	-	-	-	-	-	891	-	-	1,526	-	-	-	-
Mongolia	13,008	-	-	-	-	-	7,425	2,970	-	866	-	-	-	-	-	-	1,747
Papua New Guinea	288	-	-	-	-	-	-	-	-	288	-	-	-	-	-	-	-
Philippines	115,954	-	-	-	24,651	24,212	24,750	29,700	-	2,926	1,980	-	4,968	-	-	-	2,767
Samoa	1,368	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,368
Singapore	140	-	-	-	-	-	-	-	-	-	-	-	140	-	-	-	-
Solomon Islands	171	-	-	-	-	-	-	-	-	149	-	-	-	-	-	-	22
Taiwan	450	-	-	-	-	-	-	-	-	-	-	-	450	-	-	-	-
Thailand	12,035	-	-	-	-	-	990	1,485	-	2,369	990	-	3,989	-	-	-	2,212
Tonga	1,732	-	-	-	-	-	-	248	-	113	-	-	-	-	-	-	1,371
Vanuatu	2,220	-	-	-	-	-	-	-	-	98	-	-	-	-	-	-	2,122
Vietnam	40,831	-	-	-	-	3,818	1,980	-	31,214	49	-	-	3,770	-	-	-	-
East Asia and Pacific Regional	29,710	-	-	-	-	-	28,710	-	-	-	-	-	1,000	-	-	-	-
Asia and Near East Regional	17,654	-	-	-	6,386	11,268	-	-	-	-	-	-	-	-	-	-	-
Regional Development Mission - Asia	32,999	-	-	-	18,941	14,058	-	-	-	-	-	-	-	-	-	-	-

## Country/Account Summary

FY 2006 Actual

(\$ in thousands)

	TOTAL	ACI	SEED	FSA	CSH	DA	ESF	FMF	GHAI	IMET	INCLE	MRA	NADR	PKO	PL 480	TI	Other*
<b>Europe and Eurasia</b>	1,026,629	-	357,390	406,848	5,146	100	36,630	140,571	-	27,703	-	-	26,081	-	3,370	-	22,790
Albania	32,210	-	24,750	-	-	-	-	3,465	-	1,028	-	-	1,005	-	-	-	1,962
Armenia	76,312	-	-	69,000	-	-	-	3,960	-	838	-	-	700	-	-	-	1,814
Azerbaijan	47,873	-	-	34,205	-	-	-	3,960	-	823	-	-	5,064	-	1,954	-	1,867
Belarus	11,734	-	-	11,484	-	-	-	-	-	-	-	-	250	-	-	-	-
Bosnia and Herzegovina	51,022	-	39,600	-	-	-	-	8,910	-	973	-	-	1,539	-	-	-	-
Bulgaria	35,177	-	20,100	-	-	-	-	9,900	-	1,580	-	-	400	-	-	-	3,197
Croatia	16,150	-	14,850	-	-	-	-	-	-	-	-	-	1,300	-	-	-	-
Cyprus	20,150	-	-	-	-	-	19,800	-	-	-	-	-	350	-	-	-	-
Czech Republic	5,993	-	-	-	-	-	-	3,957	-	2,036	-	-	-	-	-	-	-
Estonia	5,797	-	-	-	-	-	-	4,451	-	1,296	-	-	50	-	-	-	-
Georgia	87,392	-	-	67,780	-	100	-	11,880	-	1,275	-	-	3,137	-	1,416	-	1,804
Greece	573	-	-	-	-	-	-	-	-	573	-	-	-	-	-	-	-
Hungary	4,799	-	-	-	-	-	-	2,474	-	1,685	-	-	640	-	-	-	-
Ireland	16,830	-	-	-	-	-	16,830	-	-	-	-	-	-	-	-	-	-
Kosovo	77,800	-	77,700	-	-	-	-	-	-	-	-	-	100	-	-	-	-
Latvia	7,376	-	-	-	-	-	-	5,940	-	1,326	-	-	110	-	-	-	-
Lithuania	6,274	-	-	-	-	-	-	4,455	-	1,281	-	-	538	-	-	-	-
Macedonia	43,732	-	35,100	-	-	-	-	3,960	-	700	-	-	2,295	-	-	-	1,677
Malta	760	-	-	-	-	-	-	-	-	-	-	-	760	-	-	-	-
Moldova	22,027	-	-	17,820	-	-	-	495	-	989	-	-	320	-	-	-	2,403
Montenegro	15,000	-	15,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Poland	31,840	-	-	-	-	-	-	29,700	-	2,140	-	-	-	-	-	-	-
Portugal	593	-	-	-	-	-	-	-	-	593	-	-	-	-	-	-	-
Romania	37,356	-	20,000	-	-	-	-	12,870	-	1,485	-	-	-	-	-	-	3,001
Russia	84,331	-	-	80,200	2,970	-	-	-	-	461	-	-	700	-	-	-	-
Serbia	71,010	-	69,450	-	-	-	-	-	-	-	-	-	1,560	-	-	-	-
Slovakia	5,328	-	-	-	-	-	-	3,960	-	962	-	-	406	-	-	-	-
Slovenia	1,439	-	-	-	-	-	-	494	-	895	-	-	50	-	-	-	-
Turkey	18,591	-	-	-	-	-	-	14,850	-	3,011	-	-	730	-	-	-	-
Ukraine	105,144	-	-	82,160	2,176	-	-	10,890	-	1,753	-	-	3,100	-	-	-	5,065
Eurasia Regional	44,199	-	-	44,199	-	-	-	-	-	-	-	-	-	-	-	-	-
Europe Regional	41,817	-	40,840	-	-	-	-	-	-	-	-	-	977	-	-	-	-

## Country/Account Summary

### FY 2006 Actual

(\$ in thousands)

	TOTAL	ACI	SEED	FSA	CSH	DA	ESF	FMF	GHAI	IMET	INCLE	MRA	NADR	PKO	PL 480	TI	Other*
<b>Near East</b>	5,221,406	-	-	-	-	10,284	1,351,350	3,814,469	-	12,244	990	-	16,798	-	4,723	343	10,205
Algeria	823	-	-	-	-	-	-	-	-	823	-	-	-	-	-	-	-
Bahrain	19,005	-	-	-	-	-	-	15,593	-	651	-	-	2,761	-	-	-	-
Egypt	1,779,287	-	-	-	-	-	490,050	1,287,000	-	1,208	-	-	1,029	-	-	-	-
Iraq	60,390	-	-	-	-	-	55,440	-	-	-	-	-	-	-	-	-	4,950
Israel	2,495,326	-	-	-	-	-	237,600	2,257,200	-	-	-	-	526	-	-	-	-
Jordan	462,427	-	-	-	-	-	247,500	207,900	-	3,020	-	-	2,491	-	-	-	1,516
Kuwait	628	-	-	-	-	-	-	-	-	-	-	-	628	-	-	-	-
Lebanon	49,324	-	-	-	-	2,000	39,600	3,713	-	752	-	-	2,978	-	281	-	-
Morocco	38,937	-	-	-	-	8,284	10,890	12,375	-	1,884	990	-	775	-	-	-	3,739
Oman	15,395	-	-	-	-	-	-	13,860	-	1,135	-	-	400	-	-	-	-
Qatar	906	-	-	-	-	-	-	-	-	-	-	-	906	-	-	-	-
Saudi Arabia	1,577	-	-	-	-	-	-	-	-	-	-	-	1,577	-	-	-	-
Tunisia	10,285	-	-	-	-	-	-	8,413	-	1,847	-	-	25	-	-	-	-
United Arab Emirates	961	-	-	-	-	-	-	-	-	-	-	-	961	-	-	-	-
West Bank and Gaza	153,285	-	-	-	-	-	148,500	-	-	-	-	-	-	-	4,442	343	-
Yemen	18,700	-	-	-	-	-	7,920	8,415	-	924	-	-	1,441	-	-	-	-
<b>Near East Regional</b>	<b>114,150</b>	-	-	-	-	-	<b>113,850</b>	-	-	-	-	-	<b>300</b>	-	-	-	-
<b>South and Central Asia</b>	<b>2,084,389</b>	-	-	102,012	168,381	248,639	747,470	305,118	-	9,085	267,620	-	57,536	-	166,457	3,497	8,574
Afghanistan	967,780	-	-	-	41,449	174,021	428,600	-	-	979	232,650	-	30,050	-	60,031	-	-
Azerbaijan	1,867	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,867
Bangladesh	85,275	-	-	-	31,509	10,889	4,950	990	-	930	-	-	5,094	-	30,207	-	706
India	124,949	-	-	-	52,815	19,700	4,950	-	-	1,272	-	-	2,711	-	43,501	-	-
Kazakhstan	33,783	-	-	24,750	-	-	-	3,465	-	995	-	-	2,041	-	-	-	2,532
Kyrgyz Republic	36,525	-	-	29,029	-	-	-	1,881	-	887	-	-	2,917	-	-	-	1,811
Maldives	173	-	-	-	-	-	-	-	-	173	-	-	-	-	-	-	-
Nepal	35,582	-	-	-	18,613	8,393	4,950	-	-	644	-	-	-	-	1,213	1,769	-
Pakistan	706,609	-	-	-	22,757	26,990	296,595	297,000	-	2,037	34,970	-	8,585	-	17,675	-	-
Sri Lanka	14,527	-	-	-	-	3,705	3,960	990	-	529	-	-	3,615	-	-	1,728	-
Tajikistan	40,403	-	-	23,760	-	-	-	495	-	348	-	-	1,970	-	13,830	-	-
Turkmenistan	7,596	-	-	4,950	-	-	-	297	-	291	-	-	400	-	-	-	1,658
Uzbekistan	17,820	-	-	17,820	-	-	-	-	-	-	-	-	-	-	-	-	-
Central Asia Regional	2,941	-	-	1,703	1,238	-	-	-	-	-	-	-	-	-	-	-	-
South Asia Regional	4,941	-	-	-	-	4,941	-	-	-	-	-	-	-	-	-	-	-
<b>South and Central Asia Regional</b>	<b>3,618</b>	-	-	-	-	-	<b>3,465</b>	-	-	-	-	-	<b>153</b>	-	-	-	-

## Country/Account Summary

### FY 2006 Actual

(\$ in thousands)

	TOTAL	ACI	SEED	FSA	CSH	DA	ESF	FMF	GHAI	IMET	INCLE	MRA	NADR	PKO	PL 480	TI	Other*
Western Hemisphere	1,639,779	683,325	-	-	140,861	262,360	120,456	109,950	65,300	12,876	63,535	-	13,710	-	109,613	13,623	44,170
Argentina	1,632	-	-	-	-	-	-	-	-	1,082	-	-	550	-	-	-	-
Bahamas	1,747	-	-	-	-	-	-	99	-	399	495	-	754	-	-	-	-
Belize	2,334	-	-	-	-	-	-	198	-	294	-	-	-	-	-	-	1,842
Bolivia	136,678	79,200	-	-	17,233	10,091	5,940	-	-	-	-	-	-	-	15,953	5,373	2,888
Brazil	13,559	5,940	-	-	3,605	2,899	-	-	-	-	-	-	1,115	-	-	-	-
Chile	1,708	-	-	-	-	-	-	592	-	646	-	-	470	-	-	-	-
Colombia	564,003	464,781	-	-	-	-	-	89,100	-	1,673	-	-	5,476	-	2,973	-	-
Costa Rica	1,731	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,731
Cuba	10,894	-	-	-	-	1,984	8,910	-	-	-	-	-	-	-	-	-	-
Dominican Republic	28,229	-	-	-	12,721	7,835	840	941	-	1,328	-	-	1,285	-	-	-	3,279
Eastern Caribbean	5,136	-	-	-	-	-	-	905	-	695	-	-	404	-	-	-	3,132
Ecuador	32,712	19,800	-	-	-	6,578	3,265	-	-	-	-	-	-	-	-	-	3,069
El Salvador	47,778	-	-	-	8,144	24,165	-	9,900	-	1,782	-	-	423	-	856	-	2,508
Guatemala	54,159	-	-	-	12,040	10,504	5,445	-	-	488	2,475	-	-	-	19,515	-	3,692
Guyana	23,846	-	-	-	-	3,920	-	99	18,000	312	-	-	-	-	-	-	1,515
Haiti	205,738	-	-	-	19,801	29,700	49,500	988	47,300	213	17,500	-	-	-	35,955	4,569	212
Honduras	53,105	-	-	-	13,140	20,604	-	891	-	1,218	-	-	315	-	13,105	-	3,832
Jamaica	17,580	-	-	-	4,472	7,821	-	594	-	908	990	-	110	-	-	-	2,685
Mexico	68,276	-	-	-	3,990	11,357	11,385	-	-	8	39,600	-	625	-	-	-	1,311
Nicaragua	50,178	-	-	-	7,699	22,169	3,366	594	-	740	-	-	9	-	13,006	-	2,595
Panama	10,423	4,455	-	-	-	200	990	990	-	894	-	-	175	-	-	-	2,719
Paraguay	13,313	-	-	-	2,884	4,385	1,980	-	-	-	-	-	1,010	-	-	-	3,054
Peru	144,340	106,920	-	-	14,213	9,369	2,765	-	-	-	-	-	205	-	8,250	-	2,618
Suriname	1,883	-	-	-	-	-	-	99	-	196	-	-	100	-	-	-	1,488
Trinidad and Tobago	234	-	-	-	-	-	-	-	-	-	-	-	234	-	-	-	-
Venezuela	5,910	2,229	-	-	-	-	-	-	-	-	-	-	-	-	-	3,681	-
Caribbean Regional	11,326	-	-	-	6,435	4,891	-	-	-	-	-	-	-	-	-	-	-
Central America Regional	16,832	-	-	-	6,167	10,665	-	-	-	-	-	-	-	-	-	-	-
Latin America and Caribbean Regional	80,055	-	-	-	8,317	71,738	-	-	-	-	-	-	-	-	-	-	-
South America Regional	1,485	-	-	-	-	1,485	-	-	-	-	-	-	-	-	-	-	-
Western Hemisphere Regional	32,955	-	-	-	-	-	26,070	3,960	-	-	2,475	-	450	-	-	-	-

## Country/Account Summary

**FY 2006 Actual**

(\$ in thousands)

	TOTAL	ACI	SEED	FSA	CSH	DA	ESF	FMF	GHAI	IMET	INCLE	MRA	NADR	PKO	PL 480	TI	Other*
<b>Bureau of International Security and Nonproliferation</b>	169,813	-	-	-	-	-	-	-	-	-	-	-	169,813	-	-	-	-
CTBT International Monitoring System	14,207	-	-	-	-	-	-	-	-	-	-	-	14,207	-	-	-	-
Export Control and Related Border Security Assistance	16,907	-	-	-	-	-	-	-	-	-	-	-	16,907	-	-	-	-
Global Threat Reduction (formerly NWMDE)	52,074	-	-	-	-	-	-	-	-	-	-	-	52,074	-	-	-	-
International Atomic Energy Agency Voluntary Contribution	49,500	-	-	-	-	-	-	-	-	-	-	-	49,500	-	-	-	-
Nonproliferation and Disarmament Fund	37,125	-	-	-	-	-	-	-	-	-	-	-	37,125	-	-	-	-
<b>Bureau of Political and Military Affairs</b>	128,311	-	-	-	-	-	-	43,065	-	4,623	-	-	18,239	62,384	-	-	-
FMF Admin	41,085	-	-	-	-	-	-	41,085	-	-	-	-	-	-	-	-	-
Military Health Affairs	1,980	-	-	-	-	-	-	1,980	-	-	-	-	-	-	-	-	-
IMET Admin	4,623	-	-	-	-	-	-	-	-	4,623	-	-	-	-	-	-	-
Global Peace Operations Initiative	43,384	-	-	-	-	-	-	-	-	-	-	-	-	43,384	-	-	-
Multinational Force and Observers	19,000	-	-	-	-	-	-	-	-	-	-	-	-	19,000	-	-	-
Humanitarian Demining Program	7,890	-	-	-	-	-	-	-	-	-	-	-	7,890	-	-	-	-
International Trust Fund	9,900	-	-	-	-	-	-	-	-	-	-	-	9,900	-	-	-	-
Small Arms/Light Weapons Destruction	449	-	-	-	-	-	-	-	-	-	-	-	449	-	-	-	-
<b>Bureau of Population Refugees and Migration</b>	817,740	-	-	-	-	-	4,950	-	-	-	-	783,090	-	-	-	-	29,700
Administrative Expenses	21,285	-	-	-	-	-	-	-	-	-	-	21,285	-	-	-	-	-
Humanitarian Migrants to Israel	39,600	-	-	-	-	-	-	-	-	-	-	39,600	-	-	-	-	-
Migration	12,889	-	-	-	-	-	-	-	-	-	-	12,889	-	-	-	-	-
Refugee Admissions	159,440	-	-	-	-	-	-	-	-	-	-	159,440	-	-	-	-	-
Strategic Global Priorities	66,624	-	-	-	-	-	-	-	-	-	-	66,624	-	-	-	-	-
MRA - Africa	245,486	-	-	-	-	-	-	-	-	-	-	245,486	-	-	-	-	-
MRA - East Asia	22,594	-	-	-	-	-	-	-	-	-	-	22,594	-	-	-	-	-
MRA - Europe	43,429	-	-	-	-	-	-	-	-	-	-	43,429	-	-	-	-	-
MRA - Near East	97,215	-	-	-	-	-	-	-	-	-	-	97,215	-	-	-	-	-
MRA - South Asia	50,193	-	-	-	-	-	-	-	-	-	-	50,193	-	-	-	-	-
MRA - Western Hemisphere	24,335	-	-	-	-	-	-	-	-	-	-	24,335	-	-	-	-	-
U.S. Emergency Refugee and Migration Assistance (ERMA)	29,700	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	29,700
Wheelchair Fund (PRM)	4,950	-	-	-	-	-	4,950	-	-	-	-	-	-	-	-	-	-
<b>Bureau of International Narcotics and Law Enforcement Affairs</b>	170,550	43,830	-	-	-	-	-	-	-	-	126,720	-	-	-	-	-	-
Air Bridge Denial Program	13,860	13,860	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Critical Flight Safety Program	29,970	29,970	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Anticrime Programs	10,395	-	-	-	-	-	-	-	-	-	10,395	-	-	-	-	-	-
Civilian Police Programs	1,980	-	-	-	-	-	-	-	-	-	1,980	-	-	-	-	-	-
Demand Reduction	9,900	-	-	-	-	-	-	-	-	-	9,900	-	-	-	-	-	-
International Law Enforcement Academies	15,840	-	-	-	-	-	-	-	-	-	15,840	-	-	-	-	-	-
International Organizations	3,960	-	-	-	-	-	-	-	-	-	3,960	-	-	-	-	-	-
Interregional Aviation Support	62,865	-	-	-	-	-	-	-	-	-	62,865	-	-	-	-	-	-
Trafficking in Persons	4,950	-	-	-	-	-	-	-	-	-	4,950	-	-	-	-	-	-
Program Development and Support	16,830	-	-	-	-	-	-	-	-	-	16,830	-	-	-	-	-	-

## Country/Account Summary

### FY 2006 Actual

(\$ in thousands)

	TOTAL	ACI	SEED	FSA	CSH	DA	ESF	FMF	GHAI	IMET	INCLE	MRA	NADR	PKO	PL 480	TI	Other*
<b>Bureau of Democracy Human Rights and Labor</b>	94,050	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	94,050
Democracy Fund	94,050	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	94,050
<b>Bureau of Oceans and International Environmental and Scientific Affairs</b>	7,920	-	-	-	-	-	7,920	-	-	-	-	-	-	-	-	-	-
Asia-Pacific Partnership	1,000	-	-	-	-	-	1,000	-	-	-	-	-	-	-	-	-	-
Oceans, Environmental and Science Initiative	6,920	-	-	-	-	-	6,920	-	-	-	-	-	-	-	-	-	-
<b>Office to Monitor and Combat Trafficking in Persons</b>	11,880	-	-	-	-	-	11,880	-	-	-	-	-	-	-	-	-	-
Trafficking in Persons	11,880	-	-	-	-	-	11,880	-	-	-	-	-	-	-	-	-	-
<b>Office of the Coordinator for Counterterrorism</b>	46,327	-	-	-	-	-	-	-	-	-	-	-	46,327	-	-	-	-
Anti-Terrorism Assistance	43,555	-	-	-	-	-	-	-	-	-	-	-	43,555	-	-	-	-
Counter Terrorism Engagement with Allies	990	-	-	-	-	-	-	-	-	-	-	-	990	-	-	-	-
Counter Terrorism Financing	1,086	-	-	-	-	-	-	-	-	-	-	-	1,086	-	-	-	-
Terrorist Interdiction Program	696	-	-	-	-	-	-	-	-	-	-	-	696	-	-	-	-
<b>Office of the U.S. Global AIDS Coordinator</b>	639,384	-	-	-	-	-	-	-	639,384	-	-	-	-	-	-	-	-
Central Programs	285,232	-	-	-	-	-	-	-	285,232	-	-	-	-	-	-	-	-
International Partnerships	227,700	-	-	-	-	-	-	-	227,700	-	-	-	-	-	-	-	-
Other Bilateral Programs	50,552	-	-	-	-	-	-	-	50,552	-	-	-	-	-	-	-	-
Strategic Information/Evaluation	31,185	-	-	-	-	-	-	-	31,185	-	-	-	-	-	-	-	-
Technical Oversight and Management	44,715	-	-	-	-	-	-	-	44,715	-	-	-	-	-	-	-	-
<b>USAID Functional Bureaus and Admin</b>	2,008,355	-	-	-	778,550	294,116	20,619	-	-	-	-	-	-	-	-10,604	7,554	918,120
Democracy, Conflict, and Humanitarian Assistance (DCHA)	128,183	-	-	-	2,970	107,564	17,649	-	-	-	-	-	-	-	-	-	-
DCHA Contingency	7,554	-	-	-	-	-	-	-	-	-	-	-	-	-	-	7,554	-
P.L. 480 Adjustment	-10,604	-	-	-	-	-	-	-	-	-	-	-	-	-	-10,604	-	-
International Disaster and Famine Assistance (IDFA)	181,560	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	181,560
Economic Growth, Agriculture and Trade (EGAT)	168,968	-	-	-	-	165,998	2,970	-	-	-	-	-	-	-	-	-	-
Global Development Alliances (GDA)	12,180	-	-	-	300	11,880	-	-	-	-	-	-	-	-	-	-	-
Global Health (GH)	320,387	-	-	-	320,387	-	-	-	-	-	-	-	-	-	-	-	-
International Partnerships	452,319	-	-	-	452,319	-	-	-	-	-	-	-	-	-	-	-	-
Legislative & Public Affairs	1,801	-	-	-	-	1,801	-	-	-	-	-	-	-	-	-	-	-
Policy and Program Coordination (PPC)	9,447	-	-	-	2,574	6,873	-	-	-	-	-	-	-	-	-	-	-
USAID Development Credit Program - Subsidy	[21,000]	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	[21,000]
USAID Development Credit Authority - Admin	7,920	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	7,920
USAID Operating Expense	623,700	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	623,700
USAID Capital Investment Fund	69,300	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	69,300
USAID IG Operating Expense	35,640	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	35,640



## Country/Account Summary

FY 2006 Actual

(\$ in thousands)

	TOTAL	ACI	SEED	FSA	CSH	DA	ESF	FMF	GHAI	IMET	INCLE	MRA	NADR	PKO	PL 480	TI	Other*
<b>International Organization</b>	303,888	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	303,888
Center for Human Settlements	149	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	149
IMO Maritime Security Programs	396	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	396
International Civil Aviation Organization	941	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	941
International Conservation Programs	5,890	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	5,890
International Contributions for Scientific, Educational, and Cultural Activities	990	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	990
International Panel on Climate Change/UN Framework Convention on Climate Change	5,940	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	5,940
Montreal Protocol Multilateral Fund	21,285	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	21,285
OAS Development Assistance Programs	4,702	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	4,702
OAS Fund for Strengthening Democracy	2,475	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2,475
UN Children's Fund	125,730	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	125,730
UN Democracy Fund (UNDEF)	[10,000]	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	[10,000]
UN Development Fund for Women	3,218	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	3,218
UN Development Program	108,900	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	108,900
UN Environment Program	10,159	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	10,159
UN Office for the Coordination of Humanitarian Affairs (UN OCHA)	805	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	805
UN Voluntary Fund for Technical Cooperation in the Field of Human Rights	1,485	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,485
UN Voluntary Fund for Victims of Torture	6,517	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	6,517
UNIFEM Trust Fund	1,485	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,485
World Meteorological Organization	1,881	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,881
World Trade Organization	940	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	940
<b>Independent Department and Agencies</b>	2,019,859	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2,019,859
African Development Foundation	22,770	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	22,770
Treasury Technical Assistance	19,800	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	19,800
Debt Restructuring	64,350	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	64,350
Export-Import Bank - Administrative Expenses	72,468	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	72,468
Export-Import Bank - Direct Loans, Negative Subsidies	-50,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-50,000
Export-Import Bank - Inspector General	990	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	990
Export-Import Bank - Loan Subsidy	74,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	74,000
Inter-American Foundation	19,305	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	19,305
Millennium Challenge Account	1,752,300	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,752,300
OPIC - Administrative Expenses	41,851	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	41,851
OPIC - Credit Subsidy	20,073	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	20,073
OPIC - Net Offsetting Collections	-223,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-223,000
Peace Corps Other	154,561	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	154,561
Trade and Development Agency	50,391	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	50,391

## Country/Account Summary

### FY 2006 Actual

(\$ in thousands)

	TOTAL	ACI	SEED	FSA	CSH	DA	ESF	FMF	GHAI	IMET	INCLE	MRA	NADR	PKO	PL 480	TI	Other*	
International Financial Institutions	1,277,236	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,277,236
Global Environment Facility	79,200	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	79,200
International Development Association	940,500	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	940,500
Multilateral Investment Guarantee Agency	1,287	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,287
Asian Development Fund	99,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	99,000
African Development Fund	134,343	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	134,343
African Development Bank	3,602	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	3,602
European Bank for Reconstruction and Development	1,006	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,006
Enterprise for the Americas Multilateral Investment Fund	1,724	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,724
Inter-American Investment Corporation	1,724	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,724
International Fund for Agricultural Development	14,850	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	14,850

\* Other: ERMA, IDFA, DF, IRRF, Peace Corps, USAID administrative accounts, International Financial Institutions, International Organizations and Programs, and Independent Agencies

Note: The table includes total allocations of Foreign Operations programs and P.L. 480 Title II.

## Country/Account Summary

### FY 2008 Request

(\$ in thousands)

	TOTAL	ACI	SEED	FSA	CSH	DA	ESF	FMF	GHAI	IMET	INCLE	MRA	NADR	PKO	PL 480	TI***	Other*
<b>Africa</b>	25,561,763	442,812	289,322	351,585	1,564,279	1,041,248	3,319,567	4,536,000	4,150,000	89,500	634,600	773,500	464,000	221,200	1,219,400	37,200	6,427,550
Angola	5,558,494	-	-	-	458,007	490,445	374,295	8,800	3,421,000	13,663	34,180	-	23,824	80,000	467,500	5,000	181,780
Benin	34,950	-	-	-	15,400	12,750	-	-	-	500	-	-	6,300	-	-	-	-
Botswana	14,014	-	-	-	8,100	2,724	-	-	-	150	-	-	-	-	-	-	3,040
Burkina Faso	81,366	-	-	-	-	-	-	-	79,000	690	-	-	-	-	-	-	1,676
Burundi	13,314	-	-	-	-	-	-	-	-	100	100	-	-	-	10,000	-	3,114
Burundi	28,550	-	-	-	6,000	17,000	-	-	-	200	-	-	350	-	5,000	-	-
Cameroon	4,703	-	-	-	1,000	-	-	-	-	295	-	-	-	-	-	-	3,408
Cape Verde	2,418	-	-	-	-	-	-	-	-	100	500	-	-	-	-	-	1,818
Central African Republic	100	-	-	-	-	-	-	-	-	100	-	-	-	-	-	-	-
Chad	5,300	-	-	-	-	200	-	-	-	100	-	-	-	-	5,000	-	-
Comoros	100	-	-	-	-	-	-	-	-	100	-	-	-	-	-	-	-
Cote d'Ivoire	96,100	-	-	-	-	-	-	-	96,000	100	-	-	-	-	-	-	-
Democratic Republic of the Congo	80,200	-	-	-	26,850	6,000	29,000	600	-	500	1,750	-	-	5,500	10,000	-	-
Djibouti	7,090	-	-	-	1,240	2,000	-	3,200	-	350	300	-	-	-	-	-	-
Equatorial Guinea	45	-	-	-	-	-	-	-	-	45	-	-	-	-	-	-	-
Ethiopia	507,430	-	-	-	25,500	39,815	5,000	850	409,000	650	150	-	-	-	25,000	-	1,465
Gabon	200	-	-	-	-	-	-	-	-	200	-	-	-	-	-	-	-
Gambia	2,008	-	-	-	-	-	-	-	-	120	-	-	-	-	-	-	1,888
Ghana	44,293	-	-	-	18,200	14,700	-	300	-	600	500	-	-	-	7,000	-	2,993
Guinea	15,593	-	-	-	6,500	5,543	-	200	-	350	-	-	-	-	3,000	-	-
Guinea-Bissau	3,193	-	-	-	-	600	-	-	-	100	-	-	-	-	-	-	2,493
Kenya	543,511	-	-	-	16,950	28,300	-	800	481,000	550	-	-	5,824	-	7,000	-	3,087
Lesotho	9,985	-	-	-	7,500	-	-	-	-	50	-	-	-	-	-	-	2,435
Liberia	115,575	-	-	-	10,800	-	73,545	1,000	-	300	4,130	-	-	16,800	9,000	-	-
Madagascar	35,657	-	-	-	11,500	6,600	-	100	-	250	-	-	-	-	15,000	-	2,207
Malawi	61,578	-	-	-	27,700	13,600	-	-	-	300	-	-	-	-	18,000	-	1,978
Mali	32,875	-	-	-	13,845	12,985	-	-	-	250	-	-	-	-	2,000	-	3,795
Mauritania	10,358	-	-	-	-	1,520	-	-	-	130	300	-	-	-	5,000	-	3,408
Mauritius	2,672	-	-	-	-	190	-	-	-	150	-	-	-	-	-	-	2,332
Mozambique	283,929	-	-	-	15,650	21,985	-	200	223,000	300	300	-	-	-	20,000	-	2,494
Namibia	117,986	-	-	-	1,200	3,025	-	-	111,000	100	-	-	-	-	-	-	2,661
Niger	21,497	-	-	-	-	3,405	-	-	-	100	-	-	-	-	15,000	-	2,992
Nigeria	533,550	-	-	-	31,300	31,400	-	1,350	467,500	800	1,200	-	-	-	-	-	-
Republic of the Congo	100	-	-	-	-	-	-	-	-	100	-	-	-	-	-	-	-
Rwanda	142,202	-	-	-	8,702	7,100	-	-	116,000	400	-	-	-	-	10,000	-	-
Sao Tome and Principe	200	-	-	-	-	-	-	-	-	200	-	-	-	-	-	-	-
Senegal	38,458	-	-	-	12,300	17,900	-	-	-	1,100	-	-	-	-	3,500	-	3,658
Seychelles	100	-	-	-	-	-	-	-	-	100	-	-	-	-	-	-	-
Sierra Leone	16,550	-	-	-	-	4,000	-	-	-	400	150	-	-	-	12,000	-	-
Somalia	12,300	-	-	-	1,000	9,000	-	-	-	-	-	-	-	2,300	-	-	-

## Country/Account Summary

### FY 2008 Request

(\$ in thousands)

	TOTAL	ACI	SEED	FSA	CSH	DA	ESF	FMF	GHAI	IMET	INCLE	MRA	NADR	PKO	PL 480	TI***	Other*
South Africa	612,028	-	-	-	3,500	3,000	10,000	100	591,500	900	-	-	-	-	-	-	3,028
Sudan	679,200	-	-	-	-	-	245,900	100	-	300	24,000	-	4,000	41,400	245,000	5,000	113,500
Swaziland	9,033	-	-	-	7,500	-	-	-	-	100	-	-	-	-	-	-	1,433
Tanzania	344,303	-	-	-	22,100	12,950	3,600	-	302,000	300	450	-	150	-	-	-	2,753
Togo	2,895	-	-	-	-	120	-	-	-	100	-	-	-	-	-	-	2,675
Uganda	331,099	-	-	-	20,900	29,500	-	-	255,000	500	350	-	-	-	23,000	-	1,849
Zambia	339,793	-	-	-	10,770	17,023	-	-	290,000	400	-	-	-	-	18,000	-	3,600
Zimbabwe	21,010	-	-	-	18,010	3,000	-	-	-	-	-	-	-	-	-	-	-
Africa Regional	208,763	-	-	-	88,730	91,450	7,250	-	-	133	-	-	7,200	14,000	-	-	-
Central Africa Regional	11,300	-	-	-	-	11,300	-	-	-	-	-	-	-	-	-	-	-
East Africa Regional	24,320	-	-	-	5,760	18,560	-	-	-	-	-	-	-	-	-	-	-
Southern Africa Regional	14,600	-	-	-	2,000	12,600	-	-	-	-	-	-	-	-	-	-	-
West Africa Regional	40,100	-	-	-	11,500	28,600	-	-	-	-	-	-	-	-	-	-	-
<b>East Asia &amp; Pacific</b>	<b>539,439</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>98,491</b>	<b>104,651</b>	<b>152,726</b>	<b>31,275</b>	<b>87,700</b>	<b>7,449</b>	<b>18,240</b>	<b>-</b>	<b>21,868</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>17,039</b>
Burma	4,630	-	-	-	1,040	800	2,790	-	-	-	-	-	-	-	-	-	-
Cambodia	42,285	-	-	-	24,700	1,056	12,170	200	-	70	200	-	2,510	-	-	-	1,379
China	11,243	-	-	-	7,290	-	2,000	-	-	-	-	-	-	-	-	-	1,953
East Timor	10,050	-	-	-	-	-	8,640	-	-	400	1,010	-	-	-	-	-	-
Fiji	2,138	-	-	-	-	-	-	110	-	260	-	-	-	-	-	-	1,768
Indonesia	185,639	-	-	-	32,060	60,950	60,000	15,700	-	974	10,050	-	5,905	-	-	-	-
Laos	4,571	-	-	-	1,051	-	470	-	-	70	1,580	-	1,400	-	-	-	-
Malaysia	3,730	-	-	-	-	-	-	-	-	920	800	-	2,010	-	-	-	-
Marshall Islands	60	-	-	-	-	-	-	-	-	60	-	-	-	-	-	-	-
Mongolia	10,835	-	-	-	-	-	6,200	1,000	-	970	670	-	-	-	-	-	1,995
North Korea	2,000	-	-	-	-	-	2,000	-	-	-	-	-	-	-	-	-	-
Papua New Guinea	2,360	-	-	-	2,080	-	-	-	-	280	-	-	-	-	-	-	-
Philippines	87,422	-	-	-	17,510	22,900	25,996	11,100	-	1,550	1,150	-	4,463	-	-	-	2,753
Samoa	1,473	-	-	-	-	-	-	-	-	40	-	-	-	-	-	-	1,433
Singapore	725	-	-	-	-	-	-	-	-	-	-	-	725	-	-	-	-
Solomon Islands	177	-	-	-	-	-	-	-	-	150	-	-	-	-	-	-	27
Taiwan	775	-	-	-	-	-	200	-	-	-	-	-	575	-	-	-	-
Thailand	9,818	-	-	-	1,040	-	-	500	-	1,200	2,300	-	2,500	-	-	-	2,278
Tonga	1,653	-	-	-	-	-	-	200	-	195	-	-	-	-	-	-	1,258
Vanuatu	2,310	-	-	-	-	-	-	-	-	115	-	-	-	-	-	-	2,195
Vietnam	94,715	-	-	-	-	-	5,700	-	87,700	195	200	-	920	-	-	-	-
Asia and Near East Regional	11,065	-	-	-	2,870	7,395	800	-	-	-	-	-	-	-	-	-	-
East Asia and Pacific Regional	29,365	-	-	-	-	-	25,760	2,465	-	-	280	-	860	-	-	-	-
Regional Development Mission - Asia	20,400	-	-	-	8,850	11,550	-	-	-	-	-	-	-	-	-	-	-

## Country/Account Summary

### FY 2008 Request

(\$ in thousands)

	TOTAL	ACI	SEED	FSA	CSH	DA	ESF	FMF	GHAI	IMET	INCLE	MRA	NADR	PKO	PL 480	TI***	Other*
<b>Europe and Eurasia</b>	<b>770,098</b>	-	<b>289,322</b>	<b>270,019</b>	-	-	<b>12,850</b>	<b>129,325</b>	-	<b>25,989</b>	<b>500</b>	-	<b>18,400</b>	-	-	-	<b>23,693</b>
Albania	22,079	-	16,200	-	-	-	-	2,600	-	600	-	-	600	-	-	-	2,079
Armenia	40,781	-	-	35,000	-	-	-	3,000	-	300	-	-	600	-	-	-	1,881
Azerbaijan	27,409	-	-	18,000	-	-	-	4,300	-	1,000	-	-	2,080	-	-	-	2,029
Belarus	10,000	-	-	10,000	-	-	-	-	-	-	-	-	-	-	-	-	-
Bosnia and Herzegovina	32,950	-	22,900	-	-	-	-	7,800	-	1,000	-	-	1,250	-	-	-	-
Bulgaria	18,093	-	-	-	-	-	-	13,200	-	1,700	-	-	300	-	-	-	2,893
Croatia	774	-	-	-	-	-	-	-	-	179	-	-	595	-	-	-	-
Cyprus	11,000	-	-	-	-	-	11,000	-	-	-	-	-	-	-	-	-	-
Czech Republic	4,300	-	-	-	-	-	-	3,000	-	1,300	-	-	-	-	-	-	-
Estonia	4,100	-	-	-	-	-	-	3,000	-	1,100	-	-	-	-	-	-	-
Georgia	66,421	-	-	50,500	-	-	-	10,000	-	800	-	-	3,215	-	-	-	1,906
Greece	590	-	-	-	-	-	-	-	-	590	-	-	-	-	-	-	-
Hungary	3,200	-	-	-	-	-	-	2,000	-	1,200	-	-	-	-	-	-	-
Ireland	1,000	-	-	-	-	-	1,000	-	-	-	-	-	-	-	-	-	-
Kosovo	151,646	-	151,246	-	-	-	-	-	-	400	-	-	-	-	-	-	-
Latvia	4,100	-	-	-	-	-	-	3,000	-	1,100	-	-	-	-	-	-	-
Lithuania	4,100	-	-	-	-	-	-	3,000	-	1,100	-	-	-	-	-	-	-
Macedonia	27,066	-	18,900	-	-	-	-	4,500	-	500	-	-	1,135	-	-	-	2,031
Malta	45	-	-	-	-	-	-	-	-	45	-	-	-	-	-	-	-
Moldova	16,466	-	-	13,300	-	-	-	-	-	600	-	-	75	-	-	-	2,491
Montenegro	8,272	-	7,572	-	-	-	-	-	-	100	-	-	600	-	-	-	-
Poland	29,200	-	-	-	-	-	-	27,200	-	2,000	-	-	-	-	-	-	-
Portugal	690	-	-	-	-	-	-	-	-	690	-	-	-	-	-	-	-
Romania	23,432	-	-	-	-	-	-	18,400	-	1,800	-	-	-	-	-	-	3,232
Russia	52,200	-	-	50,000	-	-	-	-	-	700	-	-	1,500	-	-	-	-
Serbia	53,250	-	51,300	-	-	-	-	-	-	300	-	-	1,650	-	-	-	-
Slovakia	4,100	-	-	-	-	-	-	3,000	-	1,100	-	-	-	-	-	-	-
Slovenia	1,385	-	-	-	-	-	-	500	-	885	-	-	-	-	-	-	-
Turkey	18,375	-	-	-	-	-	850	11,825	-	3,000	500	-	2,200	-	-	-	-
Ukraine	89,151	-	-	71,000	-	-	-	9,000	-	1,900	-	-	2,100	-	-	-	5,151
Eurasia Regional	22,219	-	-	22,219	-	-	-	-	-	-	-	-	-	-	-	-	-
Europe Regional	21,704	-	21,204	-	-	-	-	-	-	-	-	-	500	-	-	-	-

## Country/Account Summary

### FY 2008 Request

(\$ in thousands)

	TOTAL	ACI	SEED	FSA	CSH	DA	ESF	FMF	GHAI	IMET	INCLE	MRA	NADR	PKO	PL 480	TI***	Other*
<b>Near East</b>	5,405,626	-	-	-	35,733	6,000	1,263,332	3,934,400	-	15,727	88,300	-	56,691	-	-	-	5,443
Algeria	2,885	-	-	-	-	-	1,165	-	-	700	200	-	820	-	-	-	-
Bahrain	7,300	-	-	-	-	-	1,100	4,300	-	650	-	-	1,250	-	-	-	-
Egypt	1,720,870	-	-	-	-	-	415,000	1,300,000	-	1,300	3,000	-	1,570	-	-	-	-
Iran	75,000	-	-	-	-	-	75,000	-	-	-	-	-	-	-	-	-	-
Iraq	391,800	-	-	-	-	-	298,000	-	-	2,000	75,800	-	16,000	-	-	-	-
Israel	2,400,500	-	-	-	-	-	-	2,400,000	-	-	500	-	-	-	-	-	-
Jordan	514,807	-	-	-	21,350	-	263,547	200,000	-	3,067	1,500	-	23,755	-	-	-	1,588
Kuwait	485	-	-	-	-	-	470	-	-	15	-	-	-	-	-	-	-
Lebanon	59,776	-	-	-	-	-	42,100	9,600	-	1,500	1,800	-	4,776	-	-	-	-
Libya	1,150	-	-	-	-	-	500	-	-	350	-	-	300	-	-	-	-
Morocco	32,910	-	-	-	-	6,000	15,500	3,655	-	1,800	1,000	-	1,100	-	-	-	3,855
Oman	13,505	-	-	-	-	-	-	10,105	-	1,500	-	-	1,900	-	-	-	-
Qatar	285	-	-	-	-	-	-	-	-	15	-	-	270	-	-	-	-
Saudi Arabia	115	-	-	-	-	-	-	-	-	15	-	-	100	-	-	-	-
Tunisia	4,764	-	-	-	-	-	200	2,064	-	1,800	200	-	500	-	-	-	-
United Arab Emirates	615	-	-	-	-	-	-	-	-	15	300	-	300	-	-	-	-
West Bank and Gaza	77,000	-	-	-	10,000	-	63,500	-	-	-	3,500	-	-	-	-	-	-
Yemen	23,059	-	-	-	4,383	-	8,450	4,676	-	1,000	500	-	4,050	-	-	-	-
Near East Regional	75,000	-	-	-	-	-	75,000	-	-	-	-	-	-	-	-	-	-
Middle East Regional	3,800	-	-	-	-	-	3,800	-	-	-	-	-	-	-	-	-	-
<b>South and Central Asia</b>	2,198,598	-	-	81,566	225,500	69,250	1,076,620	305,900	-	10,450	311,750	-	56,550	-	54,500	-	6,512
Afghanistan	1,067,050	-	-	-	65,900	-	693,000	-	-	1,700	274,800	-	21,650	-	10,000	-	-
Bangladesh	119,790	-	-	-	39,615	39,650	-	875	-	800	1,500	-	6,350	-	31,000	-	-
India	81,000	-	-	-	62,200	900	-	-	-	1,300	400	-	2,700	-	13,500	-	-
Kazakhstan	24,315	-	-	14,397	-	-	-	2,000	-	1,000	-	-	4,200	-	-	-	2,718
Kyrgyz Republic	31,429	-	-	23,815	-	-	-	1,500	-	1,200	-	-	3,000	-	-	-	1,914
Maldives	195	-	-	-	-	-	-	-	-	195	-	-	-	-	-	-	-
Nepal	26,625	-	-	-	17,985	4,000	-	-	-	790	2,700	-	1,150	-	-	-	-
Pakistan	785,000	-	-	-	39,800	18,000	382,900	300,000	-	2,000	32,000	-	10,300	-	-	-	-
Sri Lanka	6,950	-	-	-	-	4,000	-	850	-	600	350	-	1,150	-	-	-	-
Tajikistan	32,120	-	-	26,880	-	-	-	675	-	565	-	-	4,000	-	-	-	-
Turkmenistan	8,430	-	-	5,500	-	-	-	-	-	300	-	-	750	-	-	-	1,880
Uzbekistan	9,374	-	-	8,474	-	-	-	-	-	-	-	-	900	-	-	-	-
Central Asia Regional	2,500	-	-	2,500	-	-	-	-	-	-	-	-	-	-	-	-	-
South and Central Asia Regional	1,120	-	-	-	-	-	720	-	-	-	-	-	400	-	-	-	-
South Asia Regional	2,700	-	-	-	-	2,700	-	-	-	-	-	-	-	-	-	-	-

## Country/Account Summary

### FY 2008 Request

(\$ in thousands)

	TOTAL	ACI	SEED	FSA	CSH	DA	ESF	FMF	GHAI	IMET	INCLE	MRA	NADR	PKO	PL 480	TI***	Other*
Western Hemisphere	1,494,898	442,812	-	-	107,821	197,052	363,744	82,800	104,300	11,967	50,530	-	11,267	-	77,500	-	45,105
Argentina	2,022	-	-	-	-	-	-	-	-	947	305	-	770	-	-	-	-
Bahamas	1,200	-	-	-	-	-	-	-	-	200	500	-	500	-	-	-	-
Belize	2,485	-	-	-	-	200	-	-	-	170	-	-	-	-	-	-	2,115
Bolivia	114,571	30,000	-	-	11,500	39,000	17,000	-	-	188	600	-	425	-	13,000	-	2,858
Brazil	3,718	1,000	-	-	2,000	-	-	-	-	188	-	-	530	-	-	-	-
Chile	1,350	-	-	-	-	-	-	-	-	600	100	-	650	-	-	-	-
Colombia	589,710	366,968	-	-	-	-	139,500	78,000	-	1,500	-	-	3,742	-	-	-	-
Costa Rica	2,063	-	-	-	-	-	-	-	-	187	-	-	-	-	-	-	1,876
Cuba	45,700	-	-	-	-	-	45,700	-	-	-	-	-	-	-	-	-	-
Dominican Republic	34,646	-	-	-	7,500	11,100	10,000	-	-	980	1,150	-	500	-	-	-	3,416
Eastern Caribbean	4,804	-	-	-	-	-	-	-	-	630	500	-	500	-	-	-	3,174
Ecuador	23,435	7,000	-	-	-	7,010	6,000	-	-	187	200	-	175	-	-	-	2,863
El Salvador	27,506	-	-	-	6,000	11,475	-	4,800	-	1,680	800	-	105	-	-	-	2,646
Guatemala	53,422	-	-	-	12,500	7,500	10,000	-	-	500	5,320	-	-	-	14,000	-	3,602
Guyana	27,331	-	-	-	-	4,305	-	-	21,300	250	100	-	-	-	-	-	1,376
Haiti	222,900	-	-	-	18,000	14,806	63,394	-	83,000	200	9,000	-	-	-	34,500	-	-
Honduras	42,510	-	-	-	10,600	16,731	-	-	-	880	750	-	-	-	10,000	-	3,549
Jamaica	13,654	-	-	-	1,221	7,391	-	-	-	750	1,009	-	505	-	-	-	2,778
Mexico	47,001	-	-	-	2,500	-	14,000	-	-	388	27,816	-	420	-	-	-	1,877
Nicaragua	32,086	-	-	-	7,500	13,700	-	-	-	500	1,600	-	75	-	6,000	-	2,711
Panama	5,093	1,000	-	-	-	-	-	-	-	185	-	-	1,100	-	-	-	2,808
Paraguay	9,744	-	-	-	1,300	4,700	-	-	-	200	280	-	270	-	-	-	2,994
Peru	93,198	36,844	-	-	12,000	11,224	30,000	-	-	187	-	-	110	-	-	-	2,833
Suriname	1,974	-	-	-	-	200	-	-	-	145	-	-	-	-	-	-	1,629
Trinidad and Tobago	1,478	-	-	-	-	-	-	-	-	88	500	-	890	-	-	-	-
Uruguay	187	-	-	-	-	-	-	-	-	187	-	-	-	-	-	-	-
Venezuela	3,050	-	-	-	-	3,000	-	-	-	50	-	-	-	-	-	-	-
Caribbean Regional	9,310	-	-	-	5,000	4,310	-	-	-	-	-	-	-	-	-	-	-
Central America Regional	10,700	-	-	-	4,000	6,700	-	-	-	-	-	-	-	-	-	-	-
Latin America and Caribbean Regional	38,400	-	-	-	6,200	32,200	-	-	-	-	-	-	-	-	-	-	-
South America Regional	1,500	-	-	-	-	1,500	-	-	-	-	-	-	-	-	-	-	-
Western Hemisphere Regional	28,150	-	-	-	-	-	28,150	-	-	-	-	-	-	-	-	-	-

## Country/Account Summary

### FY 2008 Request

(\$ in thousands)

	TOTAL	ACI	SEED	FSA	CSH	DA	ESF	FMF	GHAI	IMET	INCLE	MRA	NADR	PKO	PL 480	TI***	Other*
<b>Bureau of International Security and Nonproliferation</b>	168,500	-	-	-	-	-	-	-	-	-	-	-	168,500	-	-	-	-
CTBT International Monitoring System	18,000	-	-	-	-	-	-	-	-	-	-	-	18,000	-	-	-	-
Export Control and Related Border Security Assistance	17,000	-	-	-	-	-	-	-	-	-	-	-	17,000	-	-	-	-
Global Threat Reduction (formerly NWMDE)	53,500	-	-	-	-	-	-	-	-	-	-	-	53,500	-	-	-	-
International Atomic Energy Agency Voluntary Contribution	50,000	-	-	-	-	-	-	-	-	-	-	-	50,000	-	-	-	-
Nonproliferation and Disarmament Fund	30,000	-	-	-	-	-	-	-	-	-	-	-	30,000	-	-	-	-
<b>Bureau of Political and Military Affairs</b>	254,255	-	-	-	-	-	-	43,500	-	4,255	-	-	65,300	141,200	-	-	-
FMF Admin	41,900	-	-	-	-	-	-	41,900	-	-	-	-	-	-	-	-	-
Military Health Affairs	1,600	-	-	-	-	-	-	1,600	-	-	-	-	-	-	-	-	-
IMET Admin	4,255	-	-	-	-	-	-	-	-	4,255	-	-	-	-	-	-	-
Global Peace Operations Initiative	95,200	-	-	-	-	-	-	-	-	-	-	-	-	95,200	-	-	-
Multinational Force and Observers	21,000	-	-	-	-	-	-	-	-	-	-	-	-	21,000	-	-	-
Conflict Response Fund	25,000	-	-	-	-	-	-	-	-	-	-	-	-	25,000	-	-	-
Humanitarian Demining Program	21,700	-	-	-	-	-	-	-	-	-	-	-	21,700	-	-	-	-
International Trust Fund	10,000	-	-	-	-	-	-	-	-	-	-	-	10,000	-	-	-	-
Small Arms/Light Weapons Destruction	33,600	-	-	-	-	-	-	-	-	-	-	-	33,600	-	-	-	-
<b>Bureau of Population, Refugees, and Migration</b>	828,500	-	-	-	-	-	-	-	-	-	-	773,500	-	-	-	-	55,000
Migration	11,700	-	-	-	-	-	-	-	-	-	-	11,700	-	-	-	-	-
Strategic Global Priorities	56,600	-	-	-	-	-	-	-	-	-	-	56,600	-	-	-	-	-
Refugee Admissions	213,400	-	-	-	-	-	-	-	-	-	-	213,400	-	-	-	-	-
Administrative Expenses	22,500	-	-	-	-	-	-	-	-	-	-	22,500	-	-	-	-	-
Humanitarian Migrants to Israel	40,000	-	-	-	-	-	-	-	-	-	-	40,000	-	-	-	-	-
MRA - Africa	220,000	-	-	-	-	-	-	-	-	-	-	220,000	-	-	-	-	-
MRA - East Asia	20,000	-	-	-	-	-	-	-	-	-	-	20,000	-	-	-	-	-
MRA - Europe	30,800	-	-	-	-	-	-	-	-	-	-	30,800	-	-	-	-	-
MRA - Near East	93,100	-	-	-	-	-	-	-	-	-	-	93,100	-	-	-	-	-
MRA - South Asia	44,400	-	-	-	-	-	-	-	-	-	-	44,400	-	-	-	-	-
MRA - Western Hemisphere	21,000	-	-	-	-	-	-	-	-	-	-	21,000	-	-	-	-	-
U.S. Emergency Refugee and Migration Assistance (ERMA)	55,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	55,000
<b>Bureau of International Narcotics and Law Enforcement Affairs</b>	131,100	-	-	-	-	-	-	-	-	-	131,100	-	-	-	-	-	-
Anticrime Programs	14,000	-	-	-	-	-	-	-	-	-	14,000	-	-	-	-	-	-
Civilian Police Programs	2,000	-	-	-	-	-	-	-	-	-	2,000	-	-	-	-	-	-
Criminal Youth Gangs	5,000	-	-	-	-	-	-	-	-	-	5,000	-	-	-	-	-	-
Demand Reduction	3,500	-	-	-	-	-	-	-	-	-	3,500	-	-	-	-	-	-
International Law Enforcement Academies	16,500	-	-	-	-	-	-	-	-	-	16,500	-	-	-	-	-	-
International Organizations	5,500	-	-	-	-	-	-	-	-	-	5,500	-	-	-	-	-	-
Interregional Aviation Support	60,100	-	-	-	-	-	-	-	-	-	60,100	-	-	-	-	-	-
Trafficking in Persons	4,950	-	-	-	-	-	-	-	-	-	4,950	-	-	-	-	-	-
Program Development and Support	19,550	-	-	-	-	-	-	-	-	-	19,550	-	-	-	-	-	-



## Country/Account Summary

### FY 2008 Request

(\$ in thousands)

	TOTAL	ACI	SEED	FSA	CSH	DA	ESF	FMF	GHAI	IMET	INCLE	MRA	NADR	PKO	PL 480	TI***	Other*
<b>Bureau of Democracy Human Rights and Labor</b>	35,000	-	-	-	-	-	35,000	-	-	-	-	-	-	-	-	-	-
Democracy, Human Rights, & Labor	35,000	-	-	-	-	-	35,000	-	-	-	-	-	-	-	-	-	-
<b>Bureau of Oceans and International Environmental and Scientific Affairs</b>	34,300	-	-	-	-	-	34,300	-	-	-	-	-	-	-	-	-	-
Asia-Pacific Partnership	26,500	-	-	-	-	-	26,500	-	-	-	-	-	-	-	-	-	-
Oceans, Environmental and Science Initiative	7,800	-	-	-	-	-	7,800	-	-	-	-	-	-	-	-	-	-
<b>Office to Monitor and Combat Trafficking in Persons</b>	6,700	-	-	-	-	-	6,700	-	-	-	-	-	-	-	-	-	-
Trafficking in Persons	6,700	-	-	-	-	-	6,700	-	-	-	-	-	-	-	-	-	-
<b>Office of the Coordinator for Counterterrorism</b>	41,600	-	-	-	-	-	-	-	-	-	-	-	41,600	-	-	-	-
Anti-Terrorism Assistance	39,600	-	-	-	-	-	-	-	-	-	-	-	39,600	-	-	-	-
Counter Terrorism Engagement with Allies	1,000	-	-	-	-	-	-	-	-	-	-	-	1,000	-	-	-	-
Counter Terrorism Financing	500	-	-	-	-	-	-	-	-	-	-	-	500	-	-	-	-
Terrorist Interdiction Program	500	-	-	-	-	-	-	-	-	-	-	-	500	-	-	-	-
<b>Office of the U.S. Global AIDS Coordinator</b>	537,000	-	-	-	-	-	-	-	537,000	-	-	-	-	-	-	-	-
Central Programs	362,785	-	-	-	-	-	-	-	362,785	-	-	-	-	-	-	-	-
International Partnerships	27,000	-	-	-	-	-	-	-	27,000	-	-	-	-	-	-	-	-
Other Bilateral Programs	50,000	-	-	-	-	-	-	-	50,000	-	-	-	-	-	-	-	-
Strategic Information/Evaluation	36,000	-	-	-	-	-	-	-	36,000	-	-	-	-	-	-	-	-
Technical Oversight and Management	61,215	-	-	-	-	-	-	-	61,215	-	-	-	-	-	-	-	-
<b>USAID Functional Bureaus and Admin</b>	2,428,877	-	-	-	638,727	173,850	-	-	-	-	-	-	-	-	619,900	32,200	964,200
Democracy, Conflict, and Humanitarian Assistance (DCHA)	65,050	-	-	-	3,000	62,050	-	-	-	-	-	-	-	-	-	-	-
DCHA Contingency**	652,100	-	-	-	-	-	-	-	-	-	-	-	-	-	619,900	32,200	-
International Disaster & Famine Assistance (IDFA)	183,800	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	183,800
Economic Growth, Agriculture and Trade (EGAT)	104,300	-	-	-	-	104,300	-	-	-	-	-	-	-	-	-	-	-
USAID Development Credit Program - Subsidy	[21,000]	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	[21,000]
Global Development Alliances (GDA)	7,500	-	-	-	-	7,500	-	-	-	-	-	-	-	-	-	-	-
Global Health (GH)	438,619	-	-	-	438,619	-	-	-	-	-	-	-	-	-	-	-	-
Avian Influenza	100,000	-	-	-	100,000	-	-	-	-	-	-	-	-	-	-	-	-
International Partnerships	97,108	-	-	-	97,108	-	-	-	-	-	-	-	-	-	-	-	-
USAID Development Credit Authority - Admin	7,400	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	7,400
USAID Operating Expense	609,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	609,000
USAID Capital Investment Fund	126,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	126,000
USAID IG Operating Expense	38,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	38,000

## Country/Account Summary

### FY 2008 Request

(\$ in thousands)

	TOTAL	ACI	SEED	FSA	CSH	DA	ESF	FMF	GHAI	IMET	INCLE	MRA	NADR	PKO	PL 480	TI***	Other*
<b>International Organization</b>	289,400	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	289,400
Center for Human Settlements	1,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,000
IMO Maritime Security Programs	400	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	400
International Civil Aviation Organization	950	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	950
International Conservation Programs	5,906	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	5,906
International Contributions for Scientific, Educational, and Cultural Activities	1,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,000
International Development Law Organization	300	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	300
International Panel on Climate Change/UN Framework Convention on Climate Change	5,320	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	5,320
Montreal Protocol Multilateral Fund	19,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	19,000
OAS Development Assistance Programs	5,225	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	5,225
OAS Fund for Strengthening Democracy	2,500	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2,500
Organization for Security & Cooperation in Europe (OSCE)	4,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	4,000
UN Children's Fund	123,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	123,000
UN Democracy Fund (UNDEF)	14,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	14,000
UN Development Fund for Women	950	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	950
UN Development Program	75,300	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	75,300
UN Environment Program	9,524	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	9,524
UN Innovation and Entrepreneurship Initiative (UNIEI)	10,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	10,000
UN Office for the Coordination of Humanitarian Affairs (UN OCHA)	2,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2,000
UN Voluntary Fund for Technical Cooperation in the Field of Human Rights	1,425	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,425
UN Voluntary Fund for Victims of Torture	4,750	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	4,750
World Meteorological Organization	1,900	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,900
World Trade Organization	950	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	950

## Country/Account Summary

### FY 2008 Request

(\$ in thousands)

	TOTAL	ACI	SEED	FSA	CSH	DA	ESF	FMF	GHAI	IMET	INCLE	MRA	NADR	PKO	PL 480	TI***	Other*
International Financial Institutions	1,498,950	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,498,950
Global Environment Facility	106,763	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	106,763
International Development Association	1,060,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,060,000
Multilateral Investment Guarantee Agency	1,082	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,082
Asian Development Fund	133,906	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	133,906
African Development Fund	140,584	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	140,584
African Development Bank	2,037	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2,037
European Bank for Reconstruction and Development	10	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	10
Enterprise for the Americas Multilateral Investment Fund	29,232	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	29,232
Inter-American Investment Corporation	7,264	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	7,264
International Fund for Agricultural Development	18,072	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	18,072

\*Other: ERMA, IDFA, Peace Corps, USAID administrative accounts, International Organizations and Programs, International Financial Institutions, and Independent Agencies.

\*\* The P.L. 480 DCHA contingency will be used for non-emergency programs unless they are required for emergencies, in which case the Administrator may waive the sub-minimum mandate through official procedures sometime after the beginning of the fiscal year.

\*\*\* Transition Initiatives funding for Sudan is a planning figure and may change once we enter FY 2008.

Note: The table includes total allocations of Foreign Operations programs and P.L. 480 Title II.

## Country/Account Summary

### FY 2006 Supplemental

(\$ in thousands)

	TOTAL	CSH	DA	ESF	IDFA	INCLE	MRA	PKO	PL 480	DF	IRRF	Other*
<b>FY 2006 Supplemental</b>	2,881,030	113,000	16,500	1,681,000	217,630	107,700	75,700	178,000	350,000	22,500	5,000	114,000
<b>Africa</b>	589,800	-	-	50,000	66,300	-	-	121,000	350,000	2,500	-	-
Democratic Republic of the Congo - Democracy Fund	2,500	-	-	-	-	-	-	-	-	2,500	-	-
Ethiopia	21,500	-	-	-	-	-	-	-	21,500	-	-	-
Kenya	49,500	-	-	-	-	-	-	-	49,500	-	-	-
Liberia	50,000	-	-	50,000	-	-	-	-	-	-	-	-
Somalia	54,000	-	-	-	-	-	-	-	54,000	-	-	-
Sudan	407,300	-	-	-	66,300	-	-	116,000	225,000	-	-	-
Africa Regional	5,000	-	-	-	-	-	-	5,000	-	-	-	-
<b>Near East</b>	1,646,400	-	-	1,530,000	-	91,400	-	-	-	20,000	5,000	-
Iran - Democracy Fund	20,000	-	-	-	-	-	-	-	-	20,000	-	-
Iraq	1,571,400	-	-	1,480,000	-	91,400	-	-	-	-	-	-
Jordan	50,000	-	-	50,000	-	-	-	-	-	-	-	-
Iraq Relief and Reconstruction Fund	5,000	-	-	-	-	-	-	-	-	-	5,000	-
<b>South and Central Asia</b>	99,300	5,300	10,500	83,500	-	-	-	-	-	-	-	-
Afghanistan	43,000	-	-	43,000	-	-	-	-	-	-	-	-
Pakistan	56,300	5,300	10,500	40,500	-	-	-	-	-	-	-	-
<b>Western Hemisphere</b>	42,300	2,500	6,000	17,500	-	16,300	-	-	-	-	-	-
Colombia	16,300	-	-	-	-	16,300	-	-	-	-	-	-
Guatemala	6,000	-	6,000	-	-	-	-	-	-	-	-	-
Haiti	20,000	2,500	-	17,500	-	-	-	-	-	-	-	-
<b>Bureau of Political and Military Affairs</b>	57,000	-	-	-	-	-	-	57,000	-	-	-	-
Global Peace Operations Initiative	57,000	-	-	-	-	-	-	57,000	-	-	-	-
<b>Bureau of Population, Refugees, and Migration</b>	75,700	-	-	-	-	-	75,700	-	-	-	-	-
Migration and Refugee Assistance (MRA)	75,700	-	-	-	-	-	75,700	-	-	-	-	-
<b>USAID</b>	357,530	105,200	-	-	151,330	-	-	-	-	-	-	101,000
Global Health - Avian Influenza (GH)	105,200	105,200	-	-	-	-	-	-	-	-	-	-
DCHA Contingency	151,330	-	-	-	151,330	-	-	-	-	-	-	-
USAID Operating Expenses (OE)	101,000	-	-	-	-	-	-	-	-	-	-	101,000
<b>Department of Treasury</b>	13,000	-	-	-	-	-	-	-	-	-	-	13,000
Treasury Technical Assistance	13,000	-	-	-	-	-	-	-	-	-	-	13,000

\* Other: USAID OE and Treasury Technical Assistance

## Country/Account Summary

### FY 2007 GWOT Supplemental and FY 2008 GWOT Emergency

(\$ in thousands)

	TOTAL	SEED	GSH	ESF	ERMA	FMF	IDFA	INCLE	MRA	NADR	PKO	PL 480	USAID OE
<b>FY 2007 GWOT Supplemental</b>	4,812,700	279,000	161,000	3,025,000	30,000	220,000	105,000	260,000	71,500	27,500	278,000	350,000	5,700
<b>Africa</b>	360,000	-	-	-	-	-	60,000	-	-	-	150,000	150,000	-
Sudan	340,000	-	-	-	-	-	40,000	-	-	-	150,000	150,000	-
Somalia	20,000	-	-	-	-	-	20,000	-	-	-	-	-	-
<b>Europe and Eurasia</b>	279,000	279,000	-	-	-	-	-	-	-	-	-	-	-
Kosovo	279,000	279,000	-	-	-	-	-	-	-	-	-	-	-
<b>Near East</b>	2,924,500	-	-	2,372,000	-	220,000	45,000	260,000	15,000	12,500	-	-	-
Iraq	2,339,000	-	-	2,072,000	-	-	45,000	200,000	15,000	7,000	-	-	-
Lebanon	585,500	-	-	300,000	-	220,000	-	60,000	-	5,500	-	-	-
<b>South and Central Asia</b>	703,700	-	-	653,000	-	-	-	-	-	15,000	-	30,000	5,700
Afghanistan	703,700	-	-	653,000	-	-	-	-	-	15,000	-	30,000	5,700
<b>Bureau of Political and Military Affairs</b>	128,000	-	-	-	-	-	-	-	-	-	128,000	-	-
Political-Military Affairs (PM)	128,000	-	-	-	-	-	-	-	-	-	128,000	-	-
<b>Bureau of Population, Refugees, and Migration</b>	86,500	-	-	-	30,000	-	-	-	56,500	-	-	-	-
U.S. Emergency Refugee and Migration Assistance (ERMA)	86,500	-	-	-	30,000	-	-	-	56,500	-	-	-	-
<b>USAID</b>	331,000	-	161,000	-	-	-	-	-	-	-	-	170,000	-
DCHA Contingency	170,000	-	-	-	-	-	-	-	-	-	-	170,000	-
Global Health - Avian Influenza	161,000	-	161,000	-	-	-	-	-	-	-	-	-	-
<b>FY 2008 GWOT Emergency</b>	1,366,800	-	-	1,111,000	-	-	-	159,000	35,000	-	-	-	61,800
<b>Near East</b>	1,011,800	-	-	772,000	-	-	-	159,000	35,000	-	-	-	45,800
Iraq	1,011,800	-	-	772,000	-	-	-	159,000	35,000	-	-	-	45,800
<b>South and Central Asia</b>	355,000	-	-	339,000	-	-	-	-	-	-	-	-	16,000
Afghanistan	355,000	-	-	339,000	-	-	-	-	-	-	-	-	16,000

