

## Near East Regional Overview

### Program Overview

Peace, stability, and economic growth in the Near East region is a high national security priority of the United States. Foreign assistance programs help ensure the security of our allies, mitigate the influence of extremist regimes and movements, support efforts to resolve the Israeli-Palestinian conflict, and bolster political and economic reform efforts. The most immediate challenge - for both the United States and our moderate partners in the region - remains ensuring security and stability in Iraq.

The United States will employ regional and bilateral foreign assistance to pursue a strategy in the Near East region that aims to: help Iraqis consolidate the security gains made to date and become more self-reliant; move toward a two-state solution to the Israeli-Palestinian conflict; support the Iranian people's desire for freedom; enhance the security capabilities of the Gulf States; expand counter-terrorism cooperation with the states of North Africa; and bolster Libya's commitment to renounce weapons of mass destruction and terrorism. In addition, the United States will promote efforts at political, economic, and educational reform in the region. As the leading donor promoting democracy, U.S. assistance programs will help build a democratic foundation that effectively represents citizens' interests, supports politically active civil society organizations, and creates avenues for citizens to participate in oversight and advocacy. Assistance will support the negotiation and implementation of trade agreements, and take advantage of the resulting economic opportunities. Funding for Iran will be used to strengthen Iran's civil society, provide greater access to unbiased information, increase awareness of human rights, promote good governance and anti-corruption efforts, and increase opportunities for academic, professional and cultural exchanges.

### Resources to Advance Transformational Diplomacy

#### Request by Account by Fiscal Year

(\$ in thousands)	FY 2007	FY 2007	FY 2008	FY 2008	FY 2009
	Actual	Supp	Estimate	Supp	Request
<b>TOTAL</b>	5,142,124	2,624,950	5,257,499	1,176,000	5,524,133
Child Survival and Health	-	-	-	-	18,622
Democracy Fund	-	255,000	-	-	-
Development Assistance	11,985	-	20,797	-	48,965
Economic Support Fund	1,110,900	1,859,300	1,137,653	992,000	1,065,064
Foreign Military Financing	3,911,302	265,000	3,998,780	-	4,187,617
International Military Education and Training	13,430	-	13,306	-	16,265
International Narcotics Control and Law Enforcement	21,048	210,000	5,356	184,000	112,250
Nonproliferation, Antiterrorism, Demining and Related Programs	31,883	35,650	56,809	-	53,600

(\$ in thousands)	FY 2007	FY 2007	FY 2008	FY 2008	FY 2009
	Actual	Supp	Estimate	Supp	Request
<b>TOTAL</b>	5,142,124	2,624,950	5,257,499	1,176,000	5,524,133
Peacekeeping Operations	21,000	-	24,798	-	21,750
Public Law 480 (Food Aid)	20,576	-	-	-	-

### Request by Program Area by Fiscal Year

(\$ in thousands)	FY 2007	FY 2007	FY 2008	FY 2008	FY 2009
	Actual	Supp	Estimate	Supp	Request
<b>TOTAL</b>	5,142,124	2,624,950	5,257,499	1,176,000	5,524,133
<b>Peace and Security</b>	4,014,840	1,374,300	4,111,931	200,000	4,320,699
Counter-Terrorism	30,063	30,500	44,367	-	39,807
Combating Weapons of Mass Destruction (WMD)	5,145	-	3,825	-	3,460
Stabilization Operations and Security Sector Reform	3,972,332	1,284,150	4,031,900	195,000	4,252,182
Transnational Crime	1,300	-	1,581	5,000	500
Conflict Mitigation and Reconciliation	6,000	59,650	30,258	-	24,750
<b>Governing Justly and Democratically</b>	179,376	816,850	152,966	522,000	453,680
Rule of Law and Human Rights	44,901	176,700	35,732	177,900	148,250
Good Governance	55,207	268,250	40,464	317,100	112,580
Political Competition and Consensus-Building	29,973	154,300	13,700	1,500	46,500
Civil Society	49,295	217,600	63,070	25,500	146,350
<b>Investing in People</b>	312,820	19,550	506,770	157,000	253,621
Health	117,312	2,300	160,175	109,000	106,495
Education	193,108	17,250	185,401	15,000	143,326
Social Services and Protection for Especially Vulnerable People	2,400	-	161,194	33,000	3,800
<b>Economic Growth</b>	581,494	409,250	457,660	287,000	488,583
Macroeconomic Foundation for Growth	159,958	273,000	188,559	-	201,428
Trade and Investment	157,834	20,000	20,068	20,000	28,685
Financial Sector	125,210	-	139,338	25,000	67,128
Infrastructure	1,000	-	3,921	112,000	1,000
Agriculture	53,707	70,000	16,564	16,000	71,450
Private Sector Competitiveness	65,628	20,000	49,256	92,500	80,552
Economic Opportunity	4,267	26,250	16,202	21,500	4,950
Environment	13,890	-	23,752	-	33,390
<b>Humanitarian Assistance</b>	47,141	5,000	27,527	-	7,000
Protection, Assistance and Solutions	47,141	5,000	27,527	-	6,000
Disaster Readiness	-	-	-	-	1,000
<b>Program Support</b>	6,453	-	645	10,000	550
Program Support	6,453	-	645	10,000	550

**Request by Objective by Account, FY 2009**

<b>(\$ in thousands)</b>	<b>Total</b>	<b>P&amp;S</b>	<b>GJD</b>	<b>IIP</b>	<b>EG</b>	<b>HA</b>	<b>PS</b>
<b>TOTAL</b>	5,524,133	4,320,699	453,680	253,621	488,583	7,000	550
Child Survival and Health	18,622	-	-	18,622	-	-	-
Development Assistance	48,965	3,250	15,650	18,500	11,565	-	-
Economic Support Fund	1,065,064	7,017	357,030	216,499	477,018	7,000	500
Foreign Military Financing	4,187,617	4,187,617	-	-	-	-	-
International Military Education and Training	16,265	16,265	-	-	-	-	-
International Narcotics Control and Law Enforcement	112,250	31,200	81,000	-	-	-	50
Nonproliferation, Antiterrorism, Demining and Related Programs	53,600	53,600	-	-	-	-	-
Peacekeeping Operations	21,750	21,750	-	-	-	-	-

**Peace and Security:** Military-to-military cooperation remains a high priority and an important tool to achieve U.S. national security objectives. Such cooperation bolsters 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. The Gulf Security Dialogue will enhance the security capabilities and coordination of our partners in the Gulf. A principal concern in the region is the potential exploitation by terrorist organizations of weak governmental controls along the border areas in the Trans-Sahara region. Through assistance and training programs, the United States is helping friendly governments in the region build their regulatory, enforcement, financial oversight, and operational counter-terrorism capabilities, including strengthening regional military and law enforcement forces. 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.

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 a nuclear weapon capability.

**Governing Justly and Democratically:** U.S. assistance will be devoted to governance and political reform activities in Iraq, Lebanon, Jordan, and Egypt. Through bilateral assistance and regional programs the United States 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 United States 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 United States 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, as well as promote concepts of

religious, racial, and ethnic tolerance.

**Investing in People:** U.S. assistance will continue to support reforms that will improve the quality of health care and education, with an emphasis on expanding women's access to these services.

Investments in girls' education will pay off in higher rates of school attendance, attainment, and completion, as well as in improvements in the status of women within families, the local community, and the political arena. Funding will continue to support good performance on reforms in Egypt, Jordan and Morocco, and improve access to health care in Yemen.

**Economic Growth:** U.S. assistance will support reforms that professionalize the financial sector, encourage private sector development, and further open economies to trade and investment. The United States 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 World Trade Organization accession and compliance. Progress in these areas will help countries expand their economic base and participate more fully in the global economy, while helping to weaken support for extremists. In all but four countries (Lebanon, Iraq, Syria, and Yemen), some economic reforms have taken root, which have contributed to positive gross domestic product growth rates. Millennium Challenge Corporation (MCC) funding includes a Threshold program with Jordan and MCC Compact implementation for Morocco.

**Humanitarian Assistance:** The United States is committed to continuing essential humanitarian assistance to the non-refugee Palestinian population that is not served through United Nations Relief and Works Agency for Palestinian Refugees in the Near East.

### **Overview of Major Changes**

The overall increase in Peace and Security over the FY 2008 estimate reflects efforts to bolster the security of allies facing the threats of extremism and to create a stable Iraq. Increased security assistance for Bahrain and Oman will support the Gulf Security Dialogue. Yemen's security assistance increase will support more robust counter-terrorism efforts. FY 2009 is the first year Peace and Security funds are requested to support the efforts of the Trans-Sahara Counter-Terrorism Partnership to help friendly states enhance their counter-terrorism capabilities and improve border controls. FY 2009 also marks the first year of a new 10-year, \$30 billion security assistance arrangement with Israel. Increased development funds for Lebanon will be used to establish transparent, credible, and democratic governing institutions, educational and civil society institutions, economic growth, humanitarian assistance, and health initiatives.

The FY 2009 Egypt assistance level is designed to move the bilateral economic assistance relationship to a more "mature" partnership based on increased commercial and investment ties, while addressing key priority areas through continued project assistance.

## Algeria

### Program Overview

U.S. foreign assistance to Algeria is designed to help stabilize a country still recovering from a civil war and to counter potential extremist recruitment. In particular, this assistance bolsters Algeria's ongoing fight against one of al-Qaeda's most active affiliates, and supports Algerian political and economic reforms.

### Resources to Advance Transformational Diplomacy

#### Request by Account by Fiscal Year

(\$ in thousands)	FY 2007	FY 2008	FY 2009
	Actual	Estimate	Request
<b>TOTAL</b>	1,837	1,677	2,265
Development Assistance	-	-	965
International Military Education and Training	806	666	800
International Narcotics Control and Law Enforcement	-	198	-
Nonproliferation, Antiterrorism, Demining and Related Programs	1,031	813	500

#### Request by Program Area by Fiscal Year

(\$ in thousands)	FY 2007	FY 2008	FY 2009
	Actual	Estimate	Request
<b>TOTAL</b>	1,837	1,677	2,265
<b>Peace and Security</b>	1,837	1,677	1,300
Counter-Terrorism	731	813	400
Combating Weapons of Mass Destruction (WMD)	300	-	100
Stabilization Operations and Security Sector Reform	806	666	800
Transnational Crime	-	198	-
<b>Governing Justly and Democratically</b>	-	-	400
Rule of Law and Human Rights	-	-	200
Civil Society	-	-	200
<b>Economic Growth</b>	-	-	565
Trade and Investment	-	-	200
Financial Sector	-	-	365

#### Request by Objective by Account, FY 2009

(\$ in thousands)	Total	P&S	GJD	IIP	EG	HA
<b>TOTAL</b>	2,265	1,300	400	-	565	-

(\$ in thousands)	Total	P&S	GJD	IIP	EG	HA
<b>TOTAL</b>	2,265	1,300	400	-	565	-
Development Assistance	965	-	400	-	565	-
International Military Education and Training	800	800	-	-	-	-
Nonproliferation, Antiterrorism, Demining and Related Programs	500	500	-	-	-	-

**Peace and Security:** The merger of Algeria’s domestic terrorist group with al-Qaeda at the end of 2006 gives new impetus to U.S. Government interest in cultivating Algeria as a partner in fighting global terrorism, building on its vast experience in fighting an Islamist insurgency. Counter-terrorism programming will address specific areas where Algeria’s capabilities may be less fully developed; for example, in strengthening export control systems and stopping the flow of terrorism financing through training of Algeria’s customs service and financial sector regulators. Department of State funded military training will enhance the Algerian military’s awareness of international norms of human rights, civilian control of the military, technical training, and English language training. The military training program in Algeria has provided substantial results for modest outlays of funds, strengthening U.S. ties to a major regional power as it reshapes its post-Cold War orientation.

**Governing Justly and Democratically:** Targeted assistance will be aimed at strengthening the rule of law, civil society, respect for human rights, capacity among political parties, good governance, and the media to help build a democratic society with strong civic and political institutions. This will provide the political space to demonstrate to Algerians that change is possible without violence. Education programs are key to these efforts, including a school linkages program designed to foster ties between U.S. and Algerian university students and professors and a program to help develop the curriculum in Algerian schools in areas of the country most at risk of radicalization. Assistance may also go to capacity building in Algeria’s judicial system, designed to enhance the technical abilities and independence of that branch of government.

**Economic Growth:** U.S. assistance will support Algerian efforts to open and integrate Algeria’s economy into global and regional economies in order to improve economic growth. Priority will be given to reform of Algeria’s financial sector environment – a brake both on foreign investment and on job creation for Algeria’s large pool of unemployed young men – through technical assistance focused on reform of Algeria’s taxation policy and its banking regulations and the creation of a domestic debt market. The program also will advise on policy tools to widen the scope of mortgage financing available to Algerians, for whom lack of housing is a major source of disenfranchisement.

### Overview of Major Changes

The FY 2009 funding request reflects an increase over the FY 2008 estimate. Continued activities under the Governing Justly and Democratically and Economic Growth Objectives reflect a broadening of the overall bilateral relationship and, along with U.S. support to counter-terrorism

directly, are intended to build democratic institutions which indirectly enhance Algeria's fight against terrorism. Meanwhile, in concert with these assistance efforts, military training continues to serve as the centerpiece of the U.S. Government-Government of Algeria military to military relationship and assist in the restructuring of Algeria's forces.

## Bahrain

### Program Overview

U.S. foreign assistance to Bahrain, a Major Non-NATO Ally (MNNA), seeks to maintain stability in the Gulf, support operations in Iraq, and to facilitate the ongoing war on terrorism. Specifically, as part of the Gulf Security Dialogue, assistance is designed to enhance the country's defense capabilities through the provision of equipment and training required to support Bahrain defense capabilities and to augment Bahrain's capability to partner with the United States and other coalition members.

### Resources to Advance Transformational Diplomacy

#### Request by Account by Fiscal Year

(\$ in thousands)	FY 2007	FY 2008	FY 2009
	Actual	Estimate	Request
<b>TOTAL</b>	16,390	5,827	20,950
Foreign Military Financing	14,998	3,968	19,500
International Military Education and Training	616	619	650
Nonproliferation, Antiterrorism, Demining and Related Programs	776	1,240	800

#### Request by Program Area by Fiscal Year

(\$ in thousands)	FY 2007	FY 2008	FY 2009
	Actual	Estimate	Request
<b>TOTAL</b>	16,390	5,827	20,950
<b>Peace and Security</b>	16,390	5,827	20,950
Counter-Terrorism	776	1,240	800
Stabilization Operations and Security Sector Reform	15,614	4,587	20,150

#### Request by Objective by Account, FY 2009

(\$ in thousands)	Total	P&S	GJD	IIP	EG	HA
<b>TOTAL</b>	20,950	20,950	-	-	-	-
Foreign Military Financing	19,500	19,500	-	-	-	-
International Military Education and Training	650	650	-	-	-	-
Nonproliferation, Antiterrorism, Demining and Related Programs	800	800	-	-	-	-

**Peace and Security:** Through the Department of State, military financing will continue to support the



development of an integrated air defense network, sustain U.S.-origin equipment used in coalition operations, and support Bahrain's F-16 fleet. Military training efforts will enhance interoperability with U.S. forces, promote military professionalism, and reinforce the importance of a strong, cooperative political and military relationship with the United States among the Bahraini officer corps. In addition, U.S.-based courses will provide instruction in the democratic principles of civilian control of the military and help to encourage the political reforms already underway in Bahrain. This training provides military personnel with the requisite skills required to maintain the stocks of U.S.-furnished equipment and to build Bahrain's value as a training and coalition partner. Advanced counter-terrorism training programs will continue to sustain Bahrain's counter-terrorism training capabilities and promote multilateral cooperation by conducting regional training courses.

### **Overview of Major Changes**

The FY 2009 request for Bahrain reflects the urgent need to improve Bahrain's capacity to advance its integrated air defense network, sustain equipment used in coalition operations, and support Bahrain's F-16 fleet. At the same time, Peace and Security funding will continue to enhance interoperability with U.S. forces and support close counter-terrorism cooperation with the United States.

## Egypt

### Program Overview

Egypt is an important and strategic U.S. partner in the pursuit of Middle East peace and broader stabilization efforts throughout the region. U.S. assistance to the Government of Egypt (GOE) helps cement peace between Israel and Egypt, curbing tensions in a historically volatile region and serving as a model for other Arab states. U.S. assistance continues to play a central role in Egypt's economic, social and military transformation. U.S. priorities in Egypt include remaining closely engaged with the GOE on political and economic reforms, while nurturing Egypt's strong support for U.S. regional policies and cooperation in the war on terrorism.

### Resources to Advance Transformational Diplomacy

#### Request by Account by Fiscal Year

(\$ in thousands)	FY 2007 Actual	FY 2008 Estimate	FY 2009 Request
<b>TOTAL</b>	1,757,748	1,705,891	1,505,400
Economic Support Fund	455,000	411,639	200,000
Foreign Military Financing	1,300,000	1,289,470	1,300,000
International Military Education and Training	1,203	1,237	1,300
International Narcotics Control and Law Enforcement	-	1,984	3,000
Nonproliferation, Antiterrorism, Demining and Related Programs	1,545	1,561	1,100

#### Request by Program Area by Fiscal Year

(\$ in thousands)	FY 2007 Actual	FY 2008 Estimate	FY 2009 Request
<b>TOTAL</b>	1,757,748	1,705,891	1,505,400
<b>Peace and Security</b>	1,302,748	1,294,252	1,305,400
Counter-Terrorism	1,358	1,061	1,100
Combating Weapons of Mass Destruction (WMD)	187	500	-
Stabilization Operations and Security Sector Reform	1,301,203	1,292,691	1,304,300
<b>Governing Justly and Democratically</b>	50,000	45,000	45,000
Rule of Law and Human Rights	17,250	19,700	17,800
Good Governance	11,250	8,000	6,800
Civil Society	21,500	17,300	20,400
<b>Investing in People</b>	196,824	177,140	110,349
Health	60,571	73,711	37,823
Education	136,253	103,429	72,526
<b>Economic Growth</b>	208,176	189,499	44,651

(\$ in thousands)	FY 2007	FY 2008	FY 2009
	Actual	Estimate	Request
<b>TOTAL</b>	1,757,748	1,705,891	1,505,400
Macroeconomic Foundation for Growth	41,188	26,489	16,658
Trade and Investment	23,145	4,000	7,900
Financial Sector	113,649	135,408	5,093
Agriculture	6,500	3,500	-
Private Sector Competitiveness	23,694	12,000	15,000
Economic Opportunity	-	8,102	-

**Request by Objective by Account, FY 2009**

(\$ in thousands)	Total	P&S	GJD	IIP	EG	HA
<b>TOTAL</b>	1,505,400	1,305,400	45,000	110,349	44,651	-
Economic Support Fund	200,000	-	45,000	110,349	44,651	-
Foreign Military Financing	1,300,000	1,300,000	-	-	-	-
International Military Education and Training	1,300	1,300	-	-	-	-
International Narcotics Control and Law Enforcement	3,000	3,000	-	-	-	-
Nonproliferation, Antiterrorism, Demining and Related Programs	1,100	1,100	-	-	-	-

**Peace and Security:** Egypt provides wide-ranging support for U.S. stability operations in the region. From providing logistical support and security to U.S. forces transiting the Suez Canal and Egyptian airspace for Operations Enduring Freedom and Iraqi Freedom, to maintaining a field hospital in Bagram, Afghanistan, to publicly supporting U.S. regional policies and efforts to stabilize Iraq, the U.S.-Egypt partnership is significant, multi-faceted, and wide-ranging.

U.S. foreign military financing—the backbone of Egypt’s military procurement budget—will expand, sustain, and upgrade Egypt’s base of new and existing U.S. equipment and enhances the interoperability of the Egyptian Armed Forces with U.S. forces. Funding for U.S. military education and training will provide technical development for the Egyptian military and build mutual understanding between the United States and Egypt. Overall, this assistance gives Egypt the tools it needs to participate in peacekeeping operations, including those in Sudan, Liberia, East Timor, Pakistan, and Afghanistan. The United States plans to continue programs in police training to promote human rights and effective community policing practices as steps to transform law enforcement.

U.S.-sponsored counter-terrorism activities, including training, equipment, and operational planning assistance, help the GOE to enhance the operational and tactical capabilities it requires to confront and defeat terrorism. Funding for anti-terrorism programs in Egypt is critical to U.S. efforts to further strengthen GOE anti-terrorism capabilities and improve the operational capability of Egypt’s law

enforcement and security agencies, contributing to Egypt's transformation. In FY 2009 U.S. assistance will build the professional capabilities of a dedicated group of investigators to specialize in terrorist investigations.

**Governing Justly and Democratically:** The United States remains engaged with Egypt to promote good governance and expand civil liberties. The current political context reflects a GOE retreat from democratic reforms; nonetheless, the United States has developed strategic partnerships with reformers from Egyptian civil society and within governmental institutions. While some democracy and governance activities, such as reforming the judiciary, will be implemented through direct assistance to the GOE, assistance to civil society and other non-governmental organizations (NGOs) will be funded directly. U.S. assistance to NGOs will support their efforts to increase public participation in governance and political life; promote human rights and civic education; hold the government accountable; and build grassroots support for democratic and political reform. Grants will be made to grassroots Egyptian organizations that educate and mobilize citizens to call for democratic and human rights reforms and U.S. NGOs that partner with and train Egyptian counterparts both within Egypt and through strategic off-shore programming. Middle East Partnership Initiative, Democracy, Human Rights and Labor, and Public Diplomacy activities will complement bilateral U.S. assistance implemented by USAID.

The United States will continue to work in Egypt to reform and modernize the judiciary, bring integrity to the national budget process, decentralize the government, and restructure the state-owned media. U.S. assistance will maintain its focus on improving the Egyptian justice system, particularly in the following areas: administering justice (civil and criminal); building the capacity of the courts including the Supreme Constitutional Court and Council of State; and improving access to justice for women and other disenfranchised groups. To combat chronic government corruption, U.S. assistance also will provide support to make the national budget more transparent and to allow citizens to track public expenditures. With its multi-dimensional media program, the United States will continue to promote free expression in the face of government intimidation, develop local media, and improve centers for training press and broadcast journalists in technical and management skills. To promote increased citizen participation at the local level, USAID will maintain its support for decentralization of financial and administrative authorities to governorates and districts. To reverse recent setbacks in human rights and to decrease violence against women and children, USAID activities will continue to strengthen the capacity of the National Council on Human Rights, the National Council of Women and the National Council of Childhood and Motherhood. U.S. assistance will seek institutional partnerships to strengthen the capacity of the Egyptian Parliament and the independence of election authorities.

**Investing in People:** With U.S. support, Egypt has achieved significant improvements in the health sector over the past 25 years. For example, Egypt was declared polio free in 2006 and infant and child mortality rates have decreased by more than 65% since the late 1970s. In FY 2009, USAID programs will focus on creating policies to increase the efficiency of the health sector in order to sustain these impressive gains and to address the remaining obstacles to an efficient and effective health sector. U.S. assistance will seek to address disparities in health status, and inefficient systems

that jeopardize health care programs and services. U.S. assistance will support nationwide hospital accreditation and performance-based budgeting. With the rise of chronic diseases, the adoption of healthy behaviors will be encouraged throughout the country via mass media and interpersonal communication.

In the past 30 years, Egypt has made historic progress increasing enrollment and closing the gender gap in primary education. Female literacy has more than doubled. The challenge now is to assist the GOE in delivering quality education to all Egyptian children effectively and efficiently, and to further improve female literacy. This entails helping the GOE sustain improvements in learning outcomes by improving the quality of teaching and learning, expanding equitable access, and strengthening the management and governance in K-12 schools with a focus on disadvantaged populations. For basic education, USAID will finance teacher, administrator and school board training; information technology; school construction; girls' scholarships; adult literacy, and management information systems. Funding also will be provided for such systems and policy reforms as decentralization and quality improvements for accreditation. Finally, USAID will directly provide funding to civil society to promote advocacy for education reform and will seek public-private partnerships for the use of information technology in improving learning outcomes. For post-secondary education, USAID will finance scholarships for undergraduate, masters' degrees and community college programs as well as collaborative research grants to Egyptian and American scientists.

In addition to ongoing project assistance to support health, education, and economic reforms, in FY 2007, the United States signed a multi-year memorandum of understanding (MOU) with the GOE tying disbursements of assistance to GOE policy reforms in these key areas. Signing the MOU triggered an initial disbursement of \$50 million to help relevant ministries initiate these reforms. Further payments will be triggered by the completion of concrete policy reform benchmarks. For example, the Ministry of Education has agreed to adopt reforms in textbook procurement designed to reduce costs and improve transparency. In addition, the Ministry of Health will link budgets with performance.

**Economic Growth:** With U.S. support, Egypt has already taken significant steps towards opening its state-run economy to the world. Recent U.S. assistance has directly supported significant private sector-led growth in liberalized sectors such as agriculture, telecommunications and insurance. U.S. support also has 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 (WTO) processes. These efforts have achieved substantial results with both portfolio investment in Egypt's stock exchange and direct investment in the economy outside of the petroleum sector increasing substantially.

In FY 2009, the United States will continue its assistance to support Egypt's transition to a market-oriented, private sector-led economy to attract foreign investment and generate more productive jobs and economic opportunity. U.S. assistance will continue to focus on financial sector modernization, trade capacity building, and business. U.S. technical and financial assistance supports creation of a mortgage market 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 imports and exports. Given Egypt's extremely low comparative ranking in overall ease of doing business, the GOE increasingly draws upon U.S. assistance for business-oriented initiatives, including a major reform of industrial zones, creation of small business facilitation centers, and reform of licensing and inspection regimes. The United States supports the GOE in reforming commercial law and implementing these reforms through judicial education and supporting U.S. law school partnerships for legal education. Business practices will be strengthened through U.S. assistance to GOE agencies for competition and consumer protection, as well as through partnerships with the American Chamber of Commerce and U.S. business schools. The multi-sector cash transfer agreement signed in FY 2007 will provide balance of payments assistance to support the GOE's planned reforms in taxation and fiscal budgeting, reforms, and commercial law. This integrated package of U.S. technical and financial assistance will provide critical assistance to the new generation of Egyptian reformers who are addressing the chronic policy deficiencies that continue to hinder Egyptian economic growth.

### **Overview of Major Changes**

FY 2009 economic assistance funds for Egypt will decrease from the FY 2008 level, reflecting a more balanced, mature bilateral relationship consisting of foreign assistance and commercial linkages. The Investing in People and Economic Growth levels have decreased to account for this reduction in assistance. Governing Justly and Democratically funding remains at roughly FY 2008 levels, reflecting the sustained interest of the U.S. in expanding human rights, accountability, and transparency in Egypt. Funding shifts generally reflect the maturing relationship with the Government of Egypt embodied in the new human development cash transfer program, which supports policy reforms and ongoing project assistance.

# Iran

## Program Overview

The Iran Democracy Program is a long-term effort to strengthen independent voices inside Iran and expand ties between the people of Iran and the United States. FY 2009 funds will strengthen Iran's civil society, provide greater access to unbiased information, increase awareness of human rights, promote good governance and anti-corruption efforts, and increase opportunities for academic, professional, and cultural exchanges.

### Resources to Advance Transformational Diplomacy

#### Request by Account by Fiscal Year

(\$ in thousands)	FY 2007	FY 2008	FY 2009
	Actual	Estimate	Request
<b>TOTAL</b>	-	21,623	65,000
Economic Support Fund	-	21,623	65,000

#### Request by Program Area by Fiscal Year

(\$ in thousands)	FY 2007	FY 2008	FY 2009
	Actual	Estimate	Request
<b>TOTAL</b>	-	21,623	65,000
<b>Governing Justly and Democratically</b>	-	21,623	65,000
Rule of Law and Human Rights	-	1,500	10,500
Good Governance	-	5,000	7,500
Civil Society	-	15,123	47,000

#### Request by Objective by Account, FY 2009

(\$ in thousands)	Total	P&S	GJD	IIP	EG	HA
<b>TOTAL</b>	65,000	-	65,000	-	-	-
Economic Support Fund	65,000	-	65,000	-	-	-

**Governing Justly and Democratically:** FY 2009 funding will be collaboratively programmed by the Bureau of Near Eastern Affairs (NEA), Bureau of Democracy, Human Rights, and Labor (DRL), Bureau of Educational and Cultural Affairs (ECA), and the Bureau of International Information Programs (IIP) within the Department of State.

The Iranian regime has a long record of arresting civil society activists, closing down reformist newspapers and websites, and creating a climate of fear for those who disagree with the government's

policies. In order to help counter these government activities, the United States funds programs that train non-governmental organization (NGO) employees in management best practices, provide Persian-language materials on democratic values and civic practices, and promote sharing of information among activists. To support independent media and provide alternate sources of information to Iranians, U.S. assistance supports Internet platforms and provides training for journalists on key issues such as economic principles. The United States also assists human rights activists through training and support for reporting on human rights violations in Iran. Iran will hold presidential elections in 2009 and criticism of corruption and government performance in Iran is one of the few areas of open political debate. In order to capitalize on these opportunities, programs include training on election procedures and websites providing Iranians unbiased information about election candidates and issues.

The United States also supports the Iranian people through a variety of educational, cultural, and professional exchanges. These programs bring current and future Iranian leaders to the United States to learn about a wide range of issues including health, education, disaster relief, rule of law, and English language teaching. These programs establish ties with future Iranian leaders and expose them to democratic institutions.

Finally, the Department of State increases the availability of information about democratic values to Iranians via Persian language websites, Persian language print and on-line publications, blogging and podcasting, and speakers programs featuring experts on issues such as rule of law and American society.

### **Overview of Major Changes**

With increased FY 2009 funds, the Department of State will broaden the range of NGOs supported by the United States, increase on-line training programs and support for Internet freedom, boost good governance projects in advance of the 2009 Iranian elections, and create programs to support economic freedom, including additional programs to advance women's entrepreneurship. Funding will also facilitate an incremental but steady increase in support for civil society, human rights and Internet freedom, and free media programs. FY 2009 funding will maintain the United States' mandate to fund venture-capital projects by encouraging civil society and media grants that increase the overall participation of Iranians in civic and political life and help Iranians improve the protection from human rights abuses and discrimination.

FY 2009 assistance will be used to provide a critical boost to the U.S.-sponsored cultural, educational and professional exchange programs with Iran. Increased funding will allow the Department of State to double the number of international visitors during the next two years, introduce a major new Iran-focused English teaching program using distance learning, add additional sports exchanges, develop new Persian language materials for promotion of study in the United States, and take advantage of other opportunities to expand the people-to-people dialogue between Iranians and Americans.



FY 2009 funding also will allow the Department of State website to start Persian language video streaming, fund more Persian language bloggers to explain U.S. policy, and continue funding the interactive Parsloop.com website, which will allow Iranians who may be concerned about visiting a U.S. government site to receive accurate information about the United States.

Existing Iran programs have been funded primarily by the FY 2006 Emergency Supplemental Act. No FY 2007 Economic Support Funds were appropriated for Iran in the FY 2007 Continuing Resolution.

## Iraq

### Program Overview

Targeted U.S. assistance in Iraq is essential to help the Iraqi Government improve delivery of critical services; build strong political and civil society institutions; expand economic reforms; bolster Iraq's private sector economy; implement key measures needed to decrease sectarian and ethnic violence; strengthen the foundation for rule of law and human rights; and devolve more power and autonomy to regions, provinces, and local municipalities. This assistance builds upon and complements ongoing programs aimed at helping Iraq complete its transition to self-sufficiency in the political, economic, and security arenas.

### Resources to Advance Transformational Diplomacy

#### Request by Account by Fiscal Year

(\$ in thousands)	FY 2007	FY 2007	FY 2008	FY 2008	FY 2009
	Actual	Supp	Estimate	Supp	Request
<b>TOTAL</b>	157,112	1,959,150	21,177	956,000	397,000
Democracy Fund	-	250,000	-	-	-
Economic Support Fund	122,800	1,554,000	4,960	797,000	300,000
International Military Education and Training	1,064	-	242	-	2,000
International Narcotics Control and Law Enforcement	20,048	150,000	-	159,000	75,000
Nonproliferation, Antiterrorism, Demining and Related Programs	13,200	5,150	15,975	-	20,000

#### Request by Program Area by Fiscal Year

(\$ in thousands)	FY 2007	FY 2007	FY 2008	FY 2008	FY 2009
	Actual	Supp	Estimate	Supp	Request
<b>TOTAL</b>	157,112	1,959,150	21,177	956,000	397,000
<b>Peace and Security</b>	39,264	1,016,550	16,217	170,000	22,000
Counter-Terrorism	800	-	3,075	-	4,000
Combating Weapons of Mass Destruction (WMD)	2,500	-	-	-	-
Stabilization Operations and Security Sector Reform	35,964	959,150	13,142	170,000	18,000
Conflict Mitigation and Reconciliation	-	57,400	-	-	-
<b>Governing Justly and Democratically</b>	63,348	787,600	4,960	487,000	198,000
Rule of Law and Human Rights	17,601	169,700	-	169,900	78,000
Good Governance	20,647	251,000	-	302,100	65,000
Political Competition and Consensus-Building	20,100	151,800	-	-	15,000
Civil Society	5,000	215,100	4,960	15,000	40,000
<b>Investing in People</b>	-	-	-	82,000	-

(\$ in thousands)	FY 2007	FY 2007	FY 2008	FY 2008	FY 2009
	Actual	Supp	Estimate	Supp	Request
<b>TOTAL</b>	157,112	1,959,150	21,177	956,000	397,000
Health	-	-	-	82,000	-
<b>Economic Growth</b>	54,500	150,000	-	217,000	177,000
Macroeconomic Foundation for Growth	-	20,000	-	-	62,000
Trade and Investment	-	20,000	-	-	-
Financial Sector	-	-	-	25,000	40,000
Infrastructure	-	-	-	82,000	-
Agriculture	39,900	70,000	-	-	50,000
Private Sector Competitiveness	14,600	20,000	-	92,500	25,000
Economic Opportunity	-	20,000	-	17,500	-
<b>Humanitarian Assistance</b>	-	5,000	-	-	-
Protection, Assistance and Solutions	-	5,000	-	-	-

#### Request by Objective by Account, FY 2009

(\$ in thousands)	Total	P&S	GJD	IIP	EG	HA
<b>TOTAL</b>	397,000	22,000	198,000	-	177,000	-
Economic Support Fund	300,000	-	123,000	-	177,000	-
International Military Education and Training	2,000	2,000	-	-	-	-
International Narcotics Control and Law Enforcement	75,000	-	75,000	-	-	-
Nonproliferation, Antiterrorism, Demining and Related Programs	20,000	20,000	-	-	-	-

**Peace and Security:** Iraq is one of the most severely afflicted nations with landmines and unexploded ordinance in the world. Foreign assistance funds through the Department of State will enable the United States to continue to support non-governmental organization demining operations that are successfully clearing vast areas of Iraq. Other programs focus on building the capacity of the Iraqi government to undermine terrorist financing and improve border security.

**Governing Justly and Democratically:** As the security environment improves, governance programs have a window of opportunity to achieve lasting success in Iraq. The U.S. Government's democracy and governance strategy is making progress on empowering Iraqi citizens, civil society, and democratic institutions to work cooperatively to reduce violence and build a sustainable, accountable, and responsive system of governance. U.S. Agency for International Development (USAID) programs will improve the capability and effectiveness of Iraq's Government at the local, provincial and national levels. The Community Action Program forms and empowers community boards and neighborhood councils by giving community members the tools and training to develop and implement community improvement projects. Municipal leaders and provincial council members receive training and guidance in good governance, management, and conflict resolution through the

Local Governance Program. Ministry capacity building programs will continue critical civil service reform at the national level by bringing core public sector functions, including financial management, effective public budgeting, and procurement into Iraq's national ministries.

USAID and Department of State governance programs also will build the capacity of democratic political parties and Iraq's Council of Representatives in the areas of policy analysis, bill drafting, budgeting, constituent relations, administration, and improved oversight of executive branch agencies. In addition, FY 2009 programs will support national reconciliation, promote free and fair elections, promote issue-based political organizations, and foster the development of Iraq's civil society and independent media. Reform and capacity building within Iraq's criminal justice sector is a critical part of FY 2009 rule of law activities, including training, advisory assistance and equipment to expand and further professionalize the Iraqi Corrections Service; build the skills of judges and investigators; and enhance court/judicial security. Finally, anti-corruption will be a primary theme throughout all governance programs.

Governance programs are a critical pillar in the U.S. strategy to foster a secure, stable and free Iraq. The FY 2008 request for \$50 million for democracy programs to support upcoming elections, strengthen civil society, and support an independent media, was not enacted in the FY 2008 Omnibus bill. We anticipate funding for these programs in the future.

**Economic Growth:** Promoting economic growth and strengthening Iraq's private sector economy through macro-economic reforms and improved access to capital will be a central focus in FY 2009 programs. USAID assistance programs will assist the Government of Iraq with essential macro-economic reforms including fiscal, economic, and trade policy to develop a market-oriented legal, regulatory, and institutional framework that supports private business. Nationwide agriculture and agribusiness programs and microfinance loans will improve access to capital and bolster the agriculture sector, which is Iraq's largest employer. Access to capital also will improve with the commencement of the planned Iraqi-American Enterprise Fund, pending Congressional action, which will support Iraq's private sector and pave the way for private investment.

### **Overview of Major Changes**

In FY 2009, building and sustaining infrastructure will no longer be a substantial element of the U.S. foreign assistance strategy for Iraq. The Iraqi Government is expected to continue significant capital budget investments while the United States assumes a greater advisory role and provides support for economic and political reforms.

## Israel

### Program Overview

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. Aid to Israel supports American ideals by helping the only established democracy in the Middle East defend itself and economically prosper. Continuing U.S. security assistance to Israel reinforces U.S. ties and signals to adversaries in the region that a negotiated settlement is the only option. The broad issues of Arab-Israeli peace continue to be a major focus of the U.S.-Israel 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 risks calculated to promote peace, the United States will help minimize those risks.

### Resources to Advance Transformational Diplomacy

#### Request by Account by Fiscal Year

(\$ in thousands)	FY 2007	FY 2008	FY 2009
	Actual	Estimate	Request
<b>TOTAL</b>	2,460,240	2,380,560	2,550,000
Economic Support Fund	120,000	-	-
Foreign Military Financing	2,340,000	2,380,560	2,550,000
Nonproliferation, Antiterrorism, Demining and Related Programs	240	-	-

#### Request by Program Area by Fiscal Year

(\$ in thousands)	FY 2007	FY 2008	FY 2009
	Actual	Estimate	Request
<b>TOTAL</b>	2,460,240	2,380,560	2,550,000
<b>Peace and Security</b>	2,340,240	2,380,560	2,550,000
Counter-Terrorism	240	-	-
Stabilization Operations and Security Sector Reform	2,340,000	2,380,560	2,550,000
<b>Economic Growth</b>	120,000	-	-
Trade and Investment	120,000	-	-

#### Request by Objective by Account, FY 2009

(\$ in thousands)	Total	P&S	GJD	IIP	EG	HA
<b>TOTAL</b>	2,550,000	2,550,000	-	-	-	-
Foreign Military Financing	2,550,000	2,550,000	-	-	-	-

**Peace and Security:** Israel is a critical player in U.S. efforts to expand security and stability

throughout the region. 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. Annual military assistance to Israel constitutes an important part of U.S. support for these objectives. Israel uses this assistance to procure U.S.-origin defense articles, ranging from ammunition to advanced weapons systems and training, and to develop and support its own defense industry.

### **Overview of Major Changes**

FY 2009 will mark the first year of a new, 10-year, \$30 billion security arrangement with the Government of Israel. Increased assistance will allow for a more robust Israeli defense budget during a critical time for the peace process and in the midst of regional instability. It also will help to safeguard Israel's Qualitative Military Edge.

## Jordan

### Program Overview

U.S. economic and security assistance to Jordan signals our strong support of, and appreciation for, an important ally that helps advance shared goals both within Jordan and across the region including: 1) building a unified, stable, prosperous Iraq; 2) achieving a two-state solution to the Israeli-Palestinian conflict; 3) combating terrorism and extremist ideology; and 4) advancing political, economic, and social reform in Jordan and throughout the Middle East. Jordan's cooperation on these objectives has included hosting training for Iraqi military, police, and correctional officer cadets and assisting with the training of Palestinian Authority Security Forces as part of a combined international effort to lay the groundwork for Israeli-Palestinian peace. The Government of Jordan (GOJ) has led regional outreach efforts to Iraqi Sunnis, remains a major proponent of national reconciliation, and continues to advocate a message of tolerance and moderation in Islam. The GOJ has consistently supported U.S. foreign policy goals in a region where many governments are reluctant to publicly support the United States.

### Resources to Advance Transformational Diplomacy

#### Request by Account by Fiscal Year

(\$ in thousands)	FY 2007	FY 2007	FY 2008	FY 2008	FY 2009
	Actual	Supp	Estimate	Supp	Request
<b>TOTAL</b>	457,563	80,300	687,770	-	535,441
Child Survival and Health	-	-	-	-	13,144
Economic Support Fund	245,000	10,300	361,412	-	263,547
Foreign Military Financing	207,900	45,000	298,380	-	235,000
International Military Education and Training	2,922	-	2,919	-	3,100
International Narcotics Control and Law Enforcement	-	-	1,488	-	1,500
Nonproliferation, Antiterrorism, Demining and Related Programs	1,741	25,000	23,571	-	19,150

#### Request by Program Area by Fiscal Year

(\$ in thousands)	FY 2007	FY 2007	FY 2008	FY 2008	FY 2009
	Actual	Supp	Estimate	Supp	Request
<b>TOTAL</b>	457,563	80,300	687,770	-	535,441
<b>Peace and Security</b>	213,863	70,000	326,358	-	258,750
Counter-Terrorism	12,935	25,000	22,571	-	18,150
Combating Weapons of Mass Destruction (WMD)	506	-	1,000	-	1,000
Stabilization Operations and Security Sector Reform	199,122	45,000	302,787	-	239,100
Transnational Crime	1,300	-	-	-	500

(\$ in thousands)	FY 2007	FY 2007	FY 2008	FY 2008	FY 2009
	Actual	Supp	Estimate	Supp	Request
<b>TOTAL</b>	457,563	80,300	687,770	-	535,441
<b>Governing Justly and Democratically</b>	23,506	-	25,697	-	27,030
Rule of Law and Human Rights	4,600	-	5,000	-	4,500
Good Governance	12,030	-	12,197	-	13,530
Political Competition and Consensus-Building	3,000	-	3,000	-	3,000
Civil Society	3,876	-	5,500	-	6,000
<b>Investing in People</b>	68,024	10,300	121,464	-	64,294
Health	37,524	2,300	68,964	-	44,794
Education	30,500	8,000	49,000	-	19,500
Social Services and Protection for Especially Vulnerable People	-	-	3,500	-	-
<b>Economic Growth</b>	152,170	-	214,251	-	185,367
Macroeconomic Foundation for Growth	118,770	-	162,070	-	122,770
Trade and Investment	6,086	-	8,878	-	7,085
Financial Sector	2,370	-	3,670	-	3,670
Infrastructure	1,000	-	-	-	1,000
Agriculture	500	-	2,500	-	6,500
Private Sector Competitiveness	10,854	-	20,781	-	18,952
Economic Opportunity	-	-	100	-	-
Environment	12,590	-	16,252	-	25,390

#### Request by Objective by Account, FY 2009

(\$ in thousands)	Total	P&S	GJD	IIP	EG	HA
<b>TOTAL</b>	535,441	258,750	27,030	64,294	185,367	-
Child Survival and Health	13,144	-	-	13,144	-	-
Economic Support Fund	263,547	-	27,030	51,150	185,367	-
Foreign Military Financing	235,000	235,000	-	-	-	-
International Military Education and Training	3,100	3,100	-	-	-	-
International Narcotics Control and Law Enforcement	1,500	1,500	-	-	-	-
Nonproliferation, Antiterrorism, Demining and Related Programs	19,150	19,150	-	-	-	-

**Peace and Security:** Jordan remains a strong, responsible and responsive partner in the war on terror. Department of State funded programs in Jordan will address a broad array of issues including counter-terrorism, border security, and counter-proliferation. In addition, U.S. assistance to Jordan will help to promote stability in Iraq, advance Israeli-Palestinian talks, and support democracy and stability in Lebanon. Jordan plays an important role in efforts to bolster Palestinian Authority (PA) President



Abbas and to strengthen and reform the legitimate security forces of the PA. Peace and security funds will allow the United States to provide key training and equipment that enhances Jordan's ability to strengthen security and stability at home and throughout the region. The robust U.S. military assistance program pays invaluable dividends in the form of interoperability, access, provision of time-sensitive support to regional allies, coordination, and mutual understanding.

U.S.-funded programs will provide training and equipment grants to improve border security with a focus on nonproliferation and strengthening Jordan's export control regime. Military financing programs will support the modernization, readiness, and enhanced interoperability of the Jordanian Armed Forces (JAF) with U.S. and North Atlantic Treaty Organization forces. These capabilities are increasingly important as Jordan is a partner in the war on terror, participates in international peacekeeping and humanitarian assistance operations, and maintains close operational and logistical ties to the U.S. military, including continued provision of field hospitals and other support for coalition forces in Afghanistan and Iraq. Military financing programs also will enhance the JAF's capability to secure its borders with Iraq and Syria, reducing the flow of foreign fighters in Iraq as well as preventing attacks against Israel. Further, the JAF supports U.S. efforts throughout the region by training local forces (Iraq, Lebanon, Afghanistan, and Yemen) and providing logistical support upon request. Jordan is currently the single largest provider of civilian police personnel and fifth-largest provider of military personnel to UN peacekeeping operations. The military education and training program will improve the professionalism of the JAF and to reinforce among the Jordanian officer corps the importance of a strong, cooperative political and military relationship with the United States.

**Governing Justly and Democratically:** The King and GOJ are committed to political reform and continue work to transform Jordan's tribally based politics into a modern political system with a handful of large, secular, issue-based parties. While the GOJ has made important progress in some areas, including political reforms such as the new municipal elections and political parties laws of April 2007, progress in other areas has been constrained by multiple factors. Assistance through the U.S. Agency for International Development (USAID) will support programs that strengthen GOJ reform efforts through increasing public participation and interest in democratic processes. Additionally, programs implemented through local organizations will focus on building civil society; empowering women; promoting political party development; strengthening the technical capacity of local and national government and the judiciary; and providing journalist training and independent media programs.

**Investing in People:** The Jordanian Government recognizes that its people are its greatest resource. With no oil and few natural resources, Jordan is rightly focused on developing a knowledge-based economy and invests more than 25% of GDP in education, health, pensions, and welfare. USAID programming will support Jordanian efforts, with a focus on education, building schools, training teachers, and helping to transition students from the classroom to the workplace with a strong emphasis on introducing technology into schools. USAID activities also will strive to expand access to and quality of healthcare, particularly improving maternal and neonatal health. A significant water and sanitation program will increase the ability of the GOJ to improve the standard of living for its

people. In FY 2009, USAID will expand support for basic education, health, water, and sanitation services in Jordanian communities hosting Iraqi refugees. These programs complement broader U.S. refugee assistance efforts by enabling key Jordanian institutions to cope with increased demand for vital services thereby addressing both refugee needs and domestic sociopolitical concerns stemming from regional population movements.

**Economic Growth:** Jordan's greatest challenges remain poverty and unemployment. Official poverty and unemployment rates hover around 15%, with youth unemployment at more than 60%. 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 USAID assistance to Jordan will complement GOJ efforts by creating jobs; promoting economic growth; and advancing structural reforms including transparency in the budget process, a more effective system of taxation, and improved management of scarce water resources.

Approximately 45% of Jordan's economic assistance each year goes towards a cash transfer to the GOJ for budgetary support. The cash transfer program supports strengthening of GOJ's Monetary Policy initiatives, which contribute to U.S. and Jordan economic growth objectives. The cash transfer program will continue to assist Jordan to maintain political and economic stability, as all cash transfer funds will be used to support Jordan's efforts to pay down external non-military debt that would help strengthen Jordan's foreign exchange position and enhance its stability.

Jordan and the United States have a Free Trade Agreement (FTA) and Jordan benefits from Qualifying Industrial Zones (QIZ) that have driven increased exports to the United States to more than \$1.4 billion annually - roughly 10% of GDP. The U.S.-funded water program will work with industrial zones to improve water management and provide environmentally-friendly disposal of industrial liquid waste. U.S. assistance to expand economic opportunities for Jordanians will build on economic reforms achieved to date by helping to build a more transparent, efficient, and responsive public sector, develop more effective legal and regulatory reforms, and spur greater private sector growth, especially in terms of capitalizing on the bilateral FTA.

### **Linkages with the Millennium Challenge Corporation**

Jordan is a Millennium Challenge Corporation (MCC) Compact-eligible country and currently receives funds from a Threshold program. The \$25 million Threshold program, which began in September 2006, focuses on local government and customs reform, targeting improvements in selected MCC indicators. This assistance will be used to advance Jordan's political and economic reform efforts. Activities will be carefully coordinated with significant ongoing U.S. economic and democracy and governance programs in Jordan. Activities also will be coordinated with other donor programs. Jordan and the MCC continue to discuss the outlines of a Compact.

### **Overview of Major Changes**

While a decrease from the FY 2008 estimate, the FY 2009 request reflects an increase over the FY 2008 request and reflects the ongoing importance of the U.S.-Jordan relationship. It maintains many of the important development and military cooperation programs that support the U.S.'s shared regional goals with Jordan. Funding shifts from the FY 2008 request level are aimed at directing more resources to priority security objectives and enhancing Jordan's counter-terrorism ability.

## Kuwait

### Program Overview

U.S. foreign assistance to Kuwait will fund training opportunities for key Kuwaiti military leaders to support diplomatic efforts and a strategic political-military arrangement designed to counter new threats likely to emerge in the volatile Persian Gulf region.

#### Resources to Advance Transformational Diplomacy

##### Request by Account by Fiscal Year

(\$ in thousands)	FY 2007	FY 2008	FY 2009
	Actual	Estimate	Request
<b>TOTAL</b>	1,025	14	15
International Military Education and Training	-	14	15
Nonproliferation, Antiterrorism, Demining and Related Programs	1,025	-	-

##### Request by Program Area by Fiscal Year

(\$ in thousands)	FY 2007	FY 2008	FY 2009
	Actual	Estimate	Request
<b>TOTAL</b>	1,025	14	15
<b>Peace and Security</b>	1,025	14	15
Counter-Terrorism	1,025	-	-
Stabilization Operations and Security Sector Reform	-	14	15

##### Request by Objective by Account, FY 2009

(\$ in thousands)	Total	P&S	GJD	IIP	EG	HA
<b>TOTAL</b>	15	15	-	-	-	-
International Military Education and Training	15	15	-	-	-	-

**Peace and Security:** Department of State funding will support English language and U.S. military training for Kuwaiti military officials. Funds requested for FY 2009 will permit the Kuwaiti government to purchase military training in the United States at considerably lower cost than is charged countries that are not eligible for military education and training funds. This training will provide Kuwaiti officers with a sophisticated level of military expertise to facilitate increased interoperability with U.S. forces.

## Lebanon

### Program Overview

U.S. assistance to Lebanon is largely geared toward two parallel objectives: to counter the remaining Syrian interference in Lebanon as well as internal threats to peace and security, 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, such as the disarmament of the terrorist organization Hizballah.

### Resources to Advance Transformational Diplomacy

#### Request by Account by Fiscal Year

(\$ in thousands)	FY 2007	FY 2007	FY 2008	FY 2008	FY 2009
	Actual	Supp	Estimate	Supp	Request
<b>TOTAL</b>	48,749	585,500	58,248	-	142,430
Democracy Fund	-	5,000	-	-	-
Economic Support Fund	39,600	295,000	44,636	-	67,500
Foreign Military Financing	4,800	220,000	6,943	-	62,200
International Military Education and Training	905	-	1,428	-	2,130
International Narcotics Control and Law Enforcement	-	60,000	496	-	6,000
Nonproliferation, Antiterrorism, Demining and Related Programs	3,000	5,500	4,745	-	4,600
Public Law 480 (Food Aid)	444	-	-	-	-

#### Request by Program Area by Fiscal Year

(\$ in thousands)	FY 2007	FY 2007	FY 2008	FY 2008	FY 2009
	Actual	Supp	Estimate	Supp	Request
<b>TOTAL</b>	48,749	585,500	58,248	-	142,430
<b>Peace and Security</b>	8,705	287,750	13,116	-	68,930
Counter-Terrorism	1,500	5,500	3,745	-	3,700
Combating Weapons of Mass Destruction (WMD)	-	-	-	-	400
Stabilization Operations and Security Sector Reform	7,205	280,000	9,371	-	64,830
Conflict Mitigation and Reconciliation	-	2,250	-	-	-
<b>Governing Justly and Democratically</b>	2,627	29,250	10,032	-	37,000
Rule of Law and Human Rights	-	7,000	3,032	-	18,000
Good Governance	1,308	17,250	5,800	-	8,000
Political Competition and Consensus-Building	-	2,500	200	-	6,000
Civil Society	1,319	2,500	1,000	-	5,000
<b>Investing in People</b>	9,253	9,250	9,000	-	12,000

(\$ in thousands)	FY 2007	FY 2007	FY 2008	FY 2008	FY 2009
	Actual	Supp	Estimate	Supp	Request
<b>TOTAL</b>	48,749	585,500	58,248	-	142,430
Health	2,853	-	2,500	-	2,000
Education	6,000	9,250	6,200	-	6,200
Social Services and Protection for Especially Vulnerable People	400	-	300	-	3,800
<b>Economic Growth</b>	8,960	259,250	19,100	-	23,500
Macroeconomic Foundation for Growth	-	253,000	-	-	-
Trade and Investment	150	-	2,000	-	2,000
Agriculture	2,545	-	4,300	-	6,200
Private Sector Competitiveness	3,698	-	3,300	-	5,300
Economic Opportunity	1,267	6,250	2,000	-	2,000
Environment	1,300	-	7,500	-	8,000
<b>Humanitarian Assistance</b>	19,084	-	7,000	-	1,000
Protection, Assistance and Solutions	19,084	-	7,000	-	-
Disaster Readiness	-	-	-	-	1,000
<b>Program Support</b>	120	-	-	-	-
Program Support	120	-	-	-	-

#### Request by Objective by Account, FY 2009

(\$ in thousands)	Total	P&S	GJD	IIP	EG	HA	PS
<b>TOTAL</b>	142,430	68,930	37,000	12,000	23,500	1,000	-
Economic Support Fund	67,500	-	31,000	12,000	23,500	1,000	-
Foreign Military Financing	62,200	62,200	-	-	-	-	-
International Military Education and Training	2,130	2,130	-	-	-	-	-
International Narcotics Control and Law Enforcement	6,000	-	6,000	-	-	-	-
Nonproliferation, Antiterrorism, Demining and Related Programs	4,600	4,600	-	-	-	-	-

**Peace and Security:** Department of State funded programs under the Peace and Security Objective will concentrate largely on countering the Syrian interference in Lebanon and the influence of the Lebanese group Hizballah. With arms acquired in defiance of international law, Hizballah maintains the ability to draw Lebanon into war with Israel without reference to Lebanon's cabinet or Parliament, as demonstrated by Hizballah's initiation of war with Israel in July/August 2006. U.S. security assistance will promote Lebanese control over southern Lebanon and Palestinian refugee camps, preventing them from being used as bases to attack Israel. The U.S. Government's active military-to-military programs will enhance the professionalism of the Lebanese Armed Forces, and reinforce the concept of Lebanese civilian control. Assistance also will include training and technical assistance for the Internal Security Forces, while funding will support the implementation of international terrorism

conventions.

**Governing Justly and Democratically:** U.S. assistance, programmed by the U.S. Agency for International Development (USAID), will focus on reviving Lebanon's own political traditions in order to establish transparent, credible, and democratic governing institutions in Lebanon. A new, fair election law is essential to overcoming Lebanese public skepticism about the democratic process. Rule of law and justice system reforms, also supported by USAID and the Department of State, will be a key focus in providing technical assistance and equipment to advance e-courts, training of judges and court personnel, reduce court cases, gain respect for justice and improve transparency in court deliberations. The U.S. will continue to promote protection of human rights, including advancing the role of women. Assistance also will support the United Nations investigation of a series of political assassinations, the latest in December 2007.

**Investing in People:** USAID assistance will support educational institutions, services for vulnerable populations, and improved access to clean water. Support is included for five American educational institutions and for sustainable linkages between Lebanese and American scholars and institutions. U.S. assistance also continues to focus on public school enhancement programs. Additionally, assistance will 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. Funding in the health sector will support improved access to clean drinking water.

**Economic Growth:** 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. will promote a Lebanese-designed reform program to revive its economy and will work to improve the effectiveness of municipalities, private sector, and small and medium size enterprises to strengthen Lebanon's political stability. USAID assistance also will continue work on improving management and quality of water resources.

**Humanitarian Assistance:** Given the experience faced by the country in both the 2006 conflict with Israel and the 2007 armed conflict in the Nahr al-Barid refugee camp, the U.S. plans to have funding in place through USAID to develop contingency planning for possible humanitarian needs in the future. The funding will be used for disaster readiness and for building the capacity of the local institutions to deal with emergencies.

### **Overview of Major Changes**

In FY 2009 funding for the Peace and Security Objective will increase significantly, reflecting an urgent need to improve the capabilities of Lebanese security services to maintain law and order during times of heightened political and sectarian tension, combat a growing terrorist threat as evidenced by the recent fight against Fatah al-Islam, and implement all provisions of UN Security Council

resolutions 1559 and 1701. The Governing Justly and Democratically Objective also will increase significantly to reflect U.S. efforts to establish transparent, credible, and democratic governing institutions in Lebanon after years of destructive Syrian influence which have left the country vulnerable to political destabilization from foreign and domestic actors. A new emphasis also will be placed on electoral reform initiatives in advance of the 2009 parliamentary elections. The increase also includes support for the United Nations investigation of political assassinations. An increase in the Investing in People Objective will allow the U.S. to better support American educational institutions which increase awareness and understanding of the role of the U.S. Government and transformational diplomacy in Lebanon and the region. It also will enhance programs that reduce the ability of Hizballah to divide the populace and erode support for the current Government. Increased funding for the Economic Growth Objective will help the Lebanese economy recover from the devastating effects of the 2006 Hizballah conflict with Israel and the political crisis faced by the GOL in 2007. Finally, funding for the Humanitarian Assistance Objective will aid contingency planning for humanitarian needs.



## Libya

### Program Overview

U.S. foreign assistance to Libya focuses on bolstering Libya's commitment to renouncing weapons of mass destruction (WMD); combating the rapidly growing terrorist threat posed by al-Qaeda in Libya and the region; and promoting professional, effective law enforcement and military services that respect international norms and practices.

### Resources to Advance Transformational Diplomacy

#### Request by Account by Fiscal Year

(\$ in thousands)	FY 2007	FY 2008	FY 2009
	Actual	Estimate	Request
<b>TOTAL</b>	-	633	1,100
International Military Education and Training	-	333	350
Nonproliferation, Antiterrorism, Demining and Related Programs	-	300	750

#### Request by Program Area by Fiscal Year

(\$ in thousands)	FY 2007	FY 2008	FY 2009
	Actual	Estimate	Request
<b>TOTAL</b>	-	633	1,100
<b>Peace and Security</b>	-	633	1,100
Counter-Terrorism	-	-	200
Combating Weapons of Mass Destruction (WMD)	-	300	250
Stabilization Operations and Security Sector Reform	-	333	650

#### Request by Objective by Account, FY 2009

(\$ in thousands)	Total	P&S	GJD	IIP	EG	HA
<b>TOTAL</b>	1,100	1,100	-	-	-	-
International Military Education and Training	350	350	-	-	-	-
Nonproliferation, Antiterrorism, Demining and Related Programs	750	750	-	-	-	-

**Peace and Security:** Dismantlement of Libya's WMD remains one of the U.S. Government's key foreign policy objectives. U.S. security assistance through the Department of State will assist the Government of Libya to interdict illicit transfers of strategic items, radioactive material, man-portable air defense systems, small arms and light weapons, and other conventional weapons at their borders

and ports. The destruction of Libya's aging and excess stockpiles will prevent their transfer to other conflict areas and prevent them from possibly finding their way into the hands of terrorists, insurgents, and other criminals.

Similarly, U.S. support will help build Libya's ability to effectively address the terrorist and Islamic extremist threat within its borders through law enforcement training and capacity building. Through this mechanism, the U.S. will build working linkages within Libya's security forces that will help foster greater counter-terrorism cooperation. U.S. military education and training funds will educate and train Libyan security forces as well as create vital linkages with Libyan officers after a 35-year break in contact. 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, counter-terrorism, etc. This would include training programs that bring Libyan officers to the United States and expose them to democratic practices and respect for human rights. The Government of Libya would pay for additional training and education with national funds.

### **Overview of Major Changes**

The FY 2009 request reflects an increase over FY 2008 levels and targeted programming will take advantage of new opportunities created by Libya's increased capacity to implement renunciation of WMD and to support regional U.S. counter-terrorism goals.

## Morocco

### Program Overview

U.S. foreign assistance to Morocco focuses on the key goals of strengthening defense forces, promoting economic growth, and enhancing democratic governance. Morocco remains one of the United States' oldest and closest allies in the region. A moderate, stable, democratizing Arab Muslim nation, an important actor in the war on terrorism and a constructive force in the pursuit of Middle East peace, Morocco is vital to U.S. interests in the Middle East.

### Resources to Advance Transformational Diplomacy

#### Request by Account by Fiscal Year

(\$ in thousands)	FY 2007	FY 2008	FY 2009
	Actual	Estimate	Request
<b>TOTAL</b>	35,194	26,661	28,505
Development Assistance	5,400	4,136	21,500
Economic Support Fund	13,500	15,374	-
Foreign Military Financing	12,000	3,625	3,655
International Military Education and Training	1,882	1,713	1,725
International Narcotics Control and Law Enforcement	1,000	496	1,000
Nonproliferation, Antiterrorism, Demining and Related Programs	1,412	1,317	625

#### Request by Program Area by Fiscal Year

(\$ in thousands)	FY 2007	FY 2008	FY 2009
	Actual	Estimate	Request
<b>TOTAL</b>	35,194	26,661	28,505
<b>Peace and Security</b>	16,294	7,151	7,005
Counter-Terrorism	1,012	892	425
Combating Weapons of Mass Destruction (WMD)	400	425	200
Stabilization Operations and Security Sector Reform	14,882	5,834	6,380
<b>Governing Justly and Democratically</b>	6,387	4,596	7,000
Good Governance	5,414	2,646	3,000
Political Competition and Consensus-Building	973	1,000	2,000
Civil Society	-	950	2,000
<b>Investing in People</b>	2,655	4,789	6,500
Education	2,655	4,789	6,500
<b>Economic Growth</b>	9,545	10,125	8,000
Trade and Investment	4,853	2,190	2,000

(\$ in thousands)	FY 2007	FY 2008	FY 2009
	Actual	Estimate	Request
<b>TOTAL</b>	35,194	26,661	28,505
Financial Sector	641	260	-
Agriculture	1,769	3,750	3,000
Private Sector Competitiveness	2,282	3,925	3,000
<b>Program Support</b>	313	-	-
Program Support	313	-	-

### Request by Objective by Account, FY 2009

(\$ in thousands)	Total	P&S	GJD	IIP	EG	HA	PS
<b>TOTAL</b>	28,505	7,005	7,000	6,500	8,000	-	-
Development Assistance	21,500	-	7,000	6,500	8,000	-	-
Foreign Military Financing	3,655	3,655	-	-	-	-	-
International Military Education and Training	1,725	1,725	-	-	-	-	-
International Narcotics Control and Law Enforcement	1,000	1,000	-	-	-	-	-
Nonproliferation, Antiterrorism, Demining and Related Programs	625	625	-	-	-	-	-

**Peace and Security:** A range of U.S. programs funded by the Department of State will assist Morocco to better control its borders, police its cities, deny indigenous or transnational terrorists the ability to operate, and support international conflict resolution and peacekeeping. 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 U.S. foreign military financing assistance will bolster Morocco's ability to perform core anti-terrorism and anti-trafficking missions, thereby helping preserve regional stability. Security funding will assist in maintaining an effective and historically strong military-to-military relationship with the United States. Law enforcement and anti-terrorism assistance will provide training and equipment that will enhance the ability of law enforcement personnel and the Moroccan security services to control its borders and prevent terrorism, drug trafficking and human smuggling.

**Governing Justly and Democratically:** U.S. Agency for International Development (USAID) funded democracy programs will work to strengthen the capacity of citizens, elected officials, and local authorities to participate effectively in the political process. The programs will 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. Programs in support of the rule of law, to be initiated in FY 2009, will concentrate on fostering efforts to increase judicial independence through work in constitutional reform and in the efficient, transparent operation

of the justice system. 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. Local government elections are scheduled for 2009 and may play a critical role in the devolution of authority in an environment of increased autonomy.

**Investing in People:** In FY 2009, USAID assistance will support the Youth Engagement program which will target marginalized youth at the risk of disaffection by providing out-of-school youth (age 13 and above) with the skills required to become active participants in the economy or to mainstream into the vocational training system. The program also will focus on strengthening public demand for and participation in high quality education by enhancing the capacity of existing Parent Teacher Associations (PTAs) to advocate for increased quality, performance, and relevance of the public education system, especially in rural areas. This approach will empower PTAs to play an active role in promoting policies and practices that will improve schools' abilities to respond to the needs of parents, students and employers. In addition, literacy training and post-literacy programs and materials for adults will strengthen efforts to increase parents' active participation in the PTAs.

**Economic Growth:** A bilateral Free Trade Agreement (FTA) entered into force on January 1, 2006. Economic assistance through USAID will ensure effective implementation and full compliance with the terms of the agreement, leading to an improved investment climate. Programs also will create new business opportunities both within and outside of agriculture and agribusiness, thereby contributing to the broader goal of supporting communities and government's ability to address the development needs of those in poverty or at risk of poverty, including youth at risk. The program will include workforce development, including both basic skills as well as entrepreneurship training.

### **Linkages with the Millennium Challenge Corporation**

Morocco signed a \$697.5 million Compact with the Millennium Challenge Corporation (MCC) on August 31, 2007. The Compact will fund activities in agricultural production, small-scale coastal fishing, artisan crafts and tourism, expansion of the microfinance sector and establishing new enterprises. USAID activities will improve policies and organizational structures in the rural areas, as well as further develop agriculture-based value chains that will enhance the return on MCC's investments. USAID will continue to focus on critical areas which are not part of MCC objectives, such as addressing the human and social factors facing Morocco as well as specific policy areas.

### **Overview of Major Changes**

In FY 2009 Economic Growth funding will decrease subsequent to other donors' funding of workforce development activities. Peace and Security funding will decrease from FY 2008 while increases in Governing Justly and Democratically funding reflect a new cross-cutting focus on disaffected youth aimed at countering youth extremism. Similarly, increased funding in Investing in People will implement a new youth-centered strategy to equip youth with the life skills necessary to overcome exclusion.

## Oman

### Program Overview

U.S. foreign assistance to Oman, strategically located on a key naval chokepoint for the world's oil and gas shipments, will help ensure this critical sea lane remains open to naval vessels and commercial traffic. Assistance also will support operations in Afghanistan and Iraq by helping retain vital access to Omani military facilities. As part of the Gulf Security Dialogue, funding will enhance Oman's capability to monitor and enforce its land, sea, and air borders; and improve interoperability with U.S. forces.

### Resources to Advance Transformational Diplomacy

#### Request by Account by Fiscal Year

(\$ in thousands)	FY 2007 Actual	FY 2008 Estimate	FY 2009 Request
<b>TOTAL</b>	15,889	8,229	14,400
Foreign Military Financing	13,494	4,712	12,000
International Military Education and Training	1,111	1,428	1,450
Nonproliferation, Antiterrorism, Demining and Related Programs	1,284	2,089	950

#### Request by Program Area by Fiscal Year

(\$ in thousands)	FY 2007 Actual	FY 2008 Estimate	FY 2009 Request
<b>TOTAL</b>	15,889	8,229	14,400
<b>Peace and Security</b>	15,889	8,229	14,400
Counter-Terrorism	784	1,389	500
Combating Weapons of Mass Destruction (WMD)	500	700	450
Stabilization Operations and Security Sector Reform	14,605	6,140	13,450

#### Request by Objective by Account, FY 2009

(\$ in thousands)	Total	P&S	GJD	IIP	EG	HA
<b>TOTAL</b>	14,400	14,400	-	-	-	-
Foreign Military Financing	12,000	12,000	-	-	-	-
International Military Education and Training	1,450	1,450	-	-	-	-
Nonproliferation, Antiterrorism, Demining and Related Programs	950	950	-	-	-	-

**Peace and Security:** U.S. assistance through the Department of State will continue to strengthen Oman's ability to control its land and sea borders, including the expansion of maritime interdiction operations. U.S. funds also will demonstrate tangible support for a moderate Gulf ally that has provided access to key military facilities since 1980. Continued access and security cooperation will remain indispensable for the U.S. with regard to future contingencies in the region and Southwest Asia.

U.S. assistance in support of military education and training will cover a broad range of areas such as technical, maintenance and logistics issues; English language instruction; and maritime operations. U.S.-funded training will reinforce democratic principles of civilian control of the military, enhance interoperability and coordination with U.S. forces, increase Oman's value as a military partner and moderate Arab state, and highlight the importance of a strong, cooperative relationship with the United States.

U.S. assistance will help prevent the proliferation of weapons of mass destruction, their delivery systems, related technologies, and other weapons through a cooperative program to strengthen and expand an effective export control system in Oman. Funds will aid Oman in developing and implementing a strategic trade control law, adopting a national control list and licensing system for relevant goods, and improving its enforcement capabilities. Anti-terrorism assistance will provide senior police managers with advanced counter-terrorism investigative skills and abilities, while regional training courses will promote multilateral cooperation.

### **Overview of Major Changes**

An increase in the military financing and training assistance for FY 2009 reflects the need to ensure access to vital military facilities, enhance the operational capabilities of this strategic ally, and promote stability in the Gulf region.

## Qatar

### Program Overview

U.S. foreign assistance to Qatar seeks to enhance United States-Qatari bilateral security cooperation, promote regional stability, and bolster Qatar's counter-terrorism efforts through military training and education programs.

#### Resources to Advance Transformational Diplomacy

##### Request by Account by Fiscal Year

(\$ in thousands)	FY 2007	FY 2008	FY 2009
	Actual	Estimate	Request
<b>TOTAL</b>	1,120	282	15
International Military Education and Training	-	14	15
Nonproliferation, Antiterrorism, Demining and Related Programs	1,120	268	-

##### Request by Program Area by Fiscal Year

(\$ in thousands)	FY 2007	FY 2008	FY 2009
	Actual	Estimate	Request
<b>TOTAL</b>	1,120	282	15
<b>Peace and Security</b>	1,120	282	15
Counter-Terrorism	1,120	268	-
Stabilization Operations and Security Sector Reform	-	14	15

##### Request by Objective by Account, FY 2009

(\$ in thousands)	Total	P&S	GJD	IIP	EG	HA
<b>TOTAL</b>	15	15	-	-	-	-
International Military Education and Training	15	15	-	-	-	-

**Peace and Security:** Funding will support U.S. military education and training programs. This level of funding will permit the Qatari government to purchase military training in the United States at considerably lower cost than is charged countries that are not eligible for military education and training funds. Military relations between the U.S. and Qatar are extremely close, and Qatari support remains essential for U.S. operations in Iraq and Afghanistan. Increasing the number of Qatari officers receiving U.S. military training will improve military-to-military cooperation by enhancing interoperability with U.S. forces, promoting military professionalism, building Qatari defense capacities, and reinforcing the importance of a strong, cooperative political and military relationship



between American and Qatari military officers.

### **Overview of Major Changes**

In FY 2009 overall funding for Qatar will decrease due to a termination of some security activities based on other regional priorities.

## Saudi Arabia

### Program Overview

U.S. foreign assistance to Saudi Arabia seeks to bolster United States-Saudi security cooperation, to support Saudi Arabia's counter-terrorism efforts, and to promote regional stability through funding military training and border control efforts to combat weapons of mass destruction (WMD) proliferation and weapons smuggling.

### Resources to Advance Transformational Diplomacy

#### Request by Account by Fiscal Year

(\$ in thousands)	FY 2007	FY 2008	FY 2009
	Actual	Estimate	Request
<b>TOTAL</b>	300	113	365
International Military Education and Training	-	14	15
Nonproliferation, Antiterrorism, Demining and Related Programs	300	99	350

#### Request by Program Area by Fiscal Year

(\$ in thousands)	FY 2007	FY 2008	FY 2009
	Actual	Estimate	Request
<b>TOTAL</b>	300	113	365
<b>Peace and Security</b>	300	113	365
Counter-Terrorism	300	99	-
Combating Weapons of Mass Destruction (WMD)	-	-	350
Stabilization Operations and Security Sector Reform	-	14	15

#### Request by Objective by Account, FY 2009

(\$ in thousands)	Total	P&S	GJD	IIP	EG	HA
<b>TOTAL</b>	365	365	-	-	-	-
International Military Education and Training	15	15	-	-	-	-
Nonproliferation, Antiterrorism, Demining and Related Programs	350	350	-	-	-	-

**Peace and Security:** Funding through the Department of State will encourage Saudi Arabia's continued participation in U.S. military education and training programs. This level of funding permits the Saudi government to purchase military training in the United States at considerably lower cost than is charged countries that are not eligible for military education and training funds. Military

training 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 and military relationship between American and Saudi military officers.

Nonproliferation funding will provide equipment and training to relevant Saudi Government agencies to develop an effective national export control system in support of WMD nonproliferation efforts and interdiction of conventional weapons smuggling. These efforts will further help Saudi Arabia meet its United Nations Security Council Resolution 1540 obligations and increase the capacity of Saudi security services to interdict WMD related items, small arms and light weapons, and other conventional weapons at their borders and ports, especially at the land borders with Yemen and Iraq.

### **Overview of Major Changes**

The increase in FY 2009 funding reflects a new effort to help Saudi Arabia develop an effective national export control system by providing training and equipment to relevant Saudi government agencies.

## Tunisia

### Program Overview

U.S. foreign assistance will help the Tunisian Government enhance its military capabilities to apprehend and defeat indigenous and transnational terrorist elements and combat trafficking. This will be achieved through increased 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 war on terror.

### Resources to Advance Transformational Diplomacy

#### Request by Account by Fiscal Year

(\$ in thousands)	FY 2007 Actual	FY 2008 Estimate	FY 2009 Request
<b>TOTAL</b>	10,774	11,745	4,387
Economic Support Fund	-	992	-
Foreign Military Financing	8,385	8,345	2,262
International Military Education and Training	1,915	1,713	1,700
International Narcotics Control and Law Enforcement	-	198	-
Nonproliferation, Antiterrorism, Demining and Related Programs	474	497	425

#### Request by Program Area by Fiscal Year

(\$ in thousands)	FY 2007 Actual	FY 2008 Estimate	FY 2009 Request
<b>TOTAL</b>	10,774	11,745	4,387
<b>Peace and Security</b>	10,774	10,753	4,387
Counter-Terrorism	394	595	325
Combating Weapons of Mass Destruction (WMD)	80	100	100
Stabilization Operations and Security Sector Reform	10,300	10,058	3,962
<b>Governing Justly and Democratically</b>	-	992	-
Good Governance	-	250	-
Civil Society	-	742	-

#### Request by Objective by Account, FY 2009

(\$ in thousands)	Total	P&S	GJD	IIP	EG	HA
<b>TOTAL</b>	4,387	4,387	-	-	-	-
Foreign Military Financing	2,262	2,262	-	-	-	-
International Military Education and	1,700	1,700	-	-	-	-

(\$ in thousands)	Total	P&S	GJD	IIP	EG	HA
<b>TOTAL</b>	4,387	4,387	-	-	-	-
Training						
Nonproliferation, Antiterrorism, Demining and Related Programs	425	425	-	-	-	-

**Peace and Security:** North Africa is facing an unprecedented regional terrorist threat, particularly from al-Qaeda in the Islamic Maghreb (AQIM). As a U.S. ally and a moderate Arab state, Tunisia may be a high-priority target for AQIM and other terrorist groups. This reality was underscored when a Salafist extremist group targeted the U.S. and U.K. embassies in Tunisia and areas frequented by Western tourists in January 2007. While Tunisian security forces were able to prevent the attack and defeat the extremist group, continued U.S. support for Tunisian cooperation in the war on terror is essential. Funding through the Department of State will therefore encourage active engagement on joint counter-terrorism efforts and counter weapons of mass destruction (WMD) proliferation; reinvigorate counter-terrorism 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.

#### **Overview of Major Changes**

The budget request for assistance to Tunisia in FY 2009 represents a decrease from FY 2008 levels due to the necessity to address other Peace and Security priorities in the region. Despite this reduction, the Peace and Security Objective remains a vital aspect of the U.S. security relationship with Tunisia, including in the area of counter-terrorism and combating WMD proliferation.

## United Arab Emirates

### Program Overview

U.S. assistance will enhance Emirati capabilities to prevent United Arab Emirates (UAE) ports from being used as transshipment points for weapons of mass destruction (WMD) and related technologies, assist Emirati authorities in combating terrorist financing, and provide training opportunities to strengthen the UAE's military forces. U.S. assistance also bolsters the UAE's counter-terrorism efforts and its ability to protect energy infrastructure, which is essential to global economic prosperity.

### Resources to Advance Transformational Diplomacy

#### Request by Account by Fiscal Year

(\$ in thousands)	FY 2007 Actual	FY 2008 Estimate	FY 2009 Request
<b>TOTAL</b>	1,581	314	940
International Military Education and Training	-	14	15
Nonproliferation, Antiterrorism, Demining and Related Programs	1,581	300	925

#### Request by Program Area by Fiscal Year

(\$ in thousands)	FY 2007 Actual	FY 2008 Estimate	FY 2009 Request
<b>TOTAL</b>	1,581	314	940
<b>Peace and Security</b>	1,581	314	940
Counter-Terrorism	1,409	-	725
Combating Weapons of Mass Destruction (WMD)	172	300	200
Stabilization Operations and Security Sector Reform	-	14	15

#### Request by Objective by Account, FY 2009

(\$ in thousands)	Total	P&S	GJD	IIP	EG	HA
<b>TOTAL</b>	940	940	-	-	-	-
International Military Education and Training	15	15	-	-	-	-
Nonproliferation, Antiterrorism, Demining and Related Programs	925	925	-	-	-	-

**Peace and Security:** U.S. assistance through the Department of State will fund counter proliferation training efforts to ensure Emirati ports do not serve as a transshipment points for WMD and related technologies and delivery systems. Assistance will focus on implementing the UAE's export control

law passed in September 2007 and provide enforcement and interdiction training to customs and other border security agencies.

U.S. assistance will facilitate the UAE's participation in U.S. security, education and training programs. This 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 and security relationship. These goals also underlie the Gulf Security Dialogue.

### **Overview of Major Changes**

The increased request in FY 2009 reflects the implementation phase of export control and border security activities and the increasing emphasis on assisting the UAE to combat terror financing.

## West Bank and Gaza

### Program Overview

The United States has expressed its full support for the new Palestinian Authority (PA) government and has a vital interest in assisting its efforts to build transparent, accountable, and credible institutions of government; establish law and order; and create the foundations of an independent Palestinian state, living in peace and security with Israel. In particular, U.S. FY 2009 assistance will continue to support efforts to reform the security sector; improve local infrastructure; build institutional capacity; strengthen moderate voices, including the private sector; create jobs; provide necessary humanitarian assistance; and promote initiatives in health and education. U.S. programs will have robust vetting and oversight to prevent aid from being directed towards Hamas or any other Foreign Terrorist Organization (FTO).

### Resources to Advance Transformational Diplomacy

#### Request by Account by Fiscal Year

(\$ in thousands)	FY 2007	FY 2007	FY 2008	FY 2008	FY 2009
	Actual	Supp	Estimate	Supp	Request
<b>TOTAL</b>	69,488	-	217,986	220,000	100,000
Economic Support Fund	50,000	-	217,986	195,000	75,000
International Narcotics Control and Law Enforcement	-	-	-	25,000	25,000
Public Law 480 (Food Aid)	19,488	-	-	-	-

#### Request by Program Area by Fiscal Year

(\$ in thousands)	FY 2007	FY 2007	FY 2008	FY 2008	FY 2009
	Actual	Supp	Estimate	Supp	Request
<b>TOTAL</b>	69,488	-	217,986	220,000	100,000
<b>Peace and Security</b>	-	-	1,383	30,000	25,000
Stabilization Operations and Security Sector Reform	-	-	-	25,000	25,000
Transnational Crime	-	-	1,383	5,000	-
<b>Governing Justly and Democratically</b>	7,750	-	13,897	35,000	24,000
Rule of Law and Human Rights	750	-	3,500	8,000	11,250
Good Governance	2,500	-	3,897	15,000	6,000
Political Competition and Consensus-Building	-	-	1,000	1,500	3,000
Civil Society	4,500	-	5,500	10,500	3,750
<b>Investing in People</b>	18,555	-	172,494	75,000	27,000
Health	11,855	-	11,500	27,000	15,400
Education	4,700	-	3,600	15,000	11,600
Social Services and Protection for Especially Vulnerable	2,000	-	157,394	33,000	-



(\$ in thousands)	FY 2007	FY 2007	FY 2008	FY 2008	FY 2009
	Actual	Supp	Estimate	Supp	Request
<b>TOTAL</b>	69,488	-	217,986	220,000	100,000
People					
<b>Economic Growth</b>	9,750	-	19,685	70,000	18,000
Trade and Investment	1,500	-	3,000	20,000	8,500
Infrastructure	-	-	3,921	30,000	-
Agriculture	2,000	-	2,514	16,000	3,750
Private Sector Competitiveness	3,250	-	4,250	-	2,800
Economic Opportunity	3,000	-	6,000	4,000	2,950
<b>Humanitarian Assistance</b>	27,413	-	10,527	-	6,000
Protection, Assistance and Solutions	27,413	-	10,527	-	6,000
<b>Program Support</b>	6,020	-	-	10,000	-
Program Support	6,020	-	-	10,000	-

#### Request by Objective by Account, FY 2009

(\$ in thousands)	Total	P&S	GJD	IIP	EG	HA	PS
<b>TOTAL</b>	100,000	25,000	24,000	27,000	18,000	6,000	-
Economic Support Fund	75,000	-	24,000	27,000	18,000	6,000	-
International Narcotics Control and Law Enforcement	25,000	25,000	-	-	-	-	-

**Peace and Security:** Department of State funded programs will assist the PA to promote law and order by strengthening and reforming its security sector through such activities as capacity building, training and equipping (non-lethal) the PA Security Forces, and constructing vital security infrastructure. The assistance supports the efforts of the U.S. Security Coordinator. Assistance will be utilized to expand law and order in the West Bank, although funding could be made available for use in Gaza should changes in the political and security circumstances warrant such assistance.

**Governing Justly and Democratically:** U.S. Agency for International Development (USAID) programs in the West Bank will focus on assisting the PA government to extend the rule of law and improve governance, including bolstering the justice system through training judges and building judicial independence, and supporting local non-FTO controlled municipalities.

**Investing in People:** Delivering public health services is key for the PA, especially maternal and child health and sanitation. USAID also will be making key investments in education, which will have a long-term impact on U.S. efforts to support Palestinian private sector initiatives critical to the establishment of a viable Palestinian state and the longevity of a moderate Palestinian civil society.

**Economic Growth:** USAID will continue to focus its efforts on agricultural productivity, support for micro-enterprises, creating private sector opportunity through micro-enterprise loans, and bolstering trade.

**Humanitarian Assistance:** The United States is committed to continuing essential humanitarian assistance to the non-refugee Palestinian population that is not served through United Nations Relief and Works Agency for Palestine Refugees in the Near East, which is funded separately. The humanitarian assistance program through USAID will focus on helping the most vulnerable Palestinians to meet their basic human needs by providing food aid, and other emergency assistance (shelter, water, sanitation, hygiene and health).

**Program Support:** These funds will support the management necessary for the above programs, notably the Project Support Unit, which coordinates all Mission activities, visas, travel permits, USAID identification cards, and customs clearance. This funding also includes the transfer of funds to the Office of the Inspector General that manages the audits for West Bank and Gaza Mission. In addition, these funds cover public outreach activities, and cross-cutting personnel costs such as local and American staff salaries, rent, utilities, and security escort.

### **Overview of Major Changes**

Since re-establishing relations with the PA in June 2007, the United States has increased programs with the PA to improve its governance and to provide for infrastructure, capacity building, and social services measures. A future Palestinian state can only survive with a society that has a chance to succeed, with improved education and health services. Therefore, the United States has increased funding over the FY 2008 estimate allocated to Governing Justly and Democratically and Investing in People (notwithstanding the \$150 million emergency cash transfer assistance for the PA included in the FY 2008 estimate). U.S. assistance in these objectives will help the Palestinian people directly and support moderates such as Palestinian President Mahmoud Abbas and Prime Minister Salam Fayyad, without providing support for Hamas.

## Yemen

### Program Overview

In one of the least developed countries in the world, U.S. foreign assistance will strengthen this fragile state by bolstering peace and security, building democratic institutions, delivering much needed social services in health and education, and assisting to realize Yemen's economic potential.

### Resources to Advance Transformational Diplomacy

#### Request by Account by Fiscal Year

(\$ in thousands)	FY 2007	FY 2008	FY 2009
	Actual	Estimate	Request
<b>TOTAL</b>	23,735	17,555	33,753
Child Survival and Health	-	-	5,478
Development Assistance	1,000	7,796	21,000
Economic Support Fund	9,000	1,500	-
Foreign Military Financing	9,725	2,777	3,000
International Military Education and Training	1,006	952	1,000
International Narcotics Control and Law Enforcement	-	496	750
Nonproliferation, Antiterrorism, Demining and Related Programs	3,004	4,034	2,525

#### Request by Program Area by Fiscal Year

(\$ in thousands)	FY 2007	FY 2008	FY 2009
	Actual	Estimate	Request
<b>TOTAL</b>	23,735	17,555	33,753
<b>Peace and Security</b>	13,735	8,209	7,225
Counter-Terrorism	1,754	2,034	1,315
Combating Weapons of Mass Destruction (WMD)	350	500	410
Stabilization Operations and Security Sector Reform	11,631	5,675	5,500
<b>Governing Justly and Democratically</b>	1,998	913	7,000
Good Governance	1,398	913	1,500
Political Competition and Consensus-Building	300	-	3,000
Civil Society	300	-	2,500
<b>Investing in People</b>	7,509	8,383	16,478
Health	3,509	1,500	5,478
Education	4,000	6,883	11,000
<b>Economic Growth</b>	493	-	3,000
Agriculture	493	-	2,000

(\$ in thousands)	FY 2007	FY 2008	FY 2009
	Actual	Estimate	Request
<b>TOTAL</b>	23,735	17,555	33,753
Private Sector Competitiveness	-	-	1,000
<b>Program Support</b>	-	50	50
Program Support	-	50	50

### Request by Objective by Account, FY 2009

(\$ in thousands)	Total	P&S	GJD	IIP	EG	HA	PS
<b>TOTAL</b>	33,753	7,225	7,000	16,478	3,000	-	50
Child Survival and Health	5,478	-	-	5,478	-	-	-
Development Assistance	21,000	-	7,000	11,000	3,000	-	-
Foreign Military Financing	3,000	3,000	-	-	-	-	-
International Military Education and Training	1,000	1,000	-	-	-	-	-
International Narcotics Control and Law Enforcement	750	700	-	-	-	-	50
Nonproliferation, Antiterrorism, Demining and Related Programs	2,525	2,525	-	-	-	-	-

**Peace and Security:** Department of State funded programs will improve the capacity of the Yemeni Counter-Terrorism Unit, Special Forces, and Coast Guard to conduct security missions; support U.S. counter-terrorism goals by providing necessary parts and training to develop the capacity of Yemeni military and security forces; develop the Yemeni government's capability to secure and control its borders by providing mid-level law enforcement and border management training; strengthen Yemen's capability to combat terrorism financing through training; and help develop government institutions to investigate and prosecute terrorism financing cases. U.S. funding will also prevent weapons of mass destruction proliferation by assisting Yemen to interdict illicit transfers of strategic items, radioactive material, and other conventional weapons; support efforts to curb the illicit trade in small arms and light weapons and strengthen stockpile security and management; fund Yemen's humanitarian demining program; provide courses and new programs designed to sustain Yemen's counter-terrorism training capabilities; and build the capacity of Yemeni law enforcement to combat terrorism.

**Governing Justly and Democratically:** U.S. assistance will continue to promote democratic development in Yemen by supporting activities to strengthen the Parliament, train party officials and local councils, enhance decentralization efforts, support conflict resolution, build the capacity of non-governmental organizations, and encourage the development of independent media. Funding will also continue to promote anti-corruption activities by developing key institutions and supporting the 2009 parliamentary elections.

**Investing in People:** In health, the U.S. assistance will support effective maternal, newborn, and child

care and key health prevention services (routine immunizations, pneumonia and diarrhea prevention and treatment, polio eradication, micronutrient supplementation, and improved child feeding, including breastfeeding). Activities will promote healthy reproductive habits such as increasing use of voluntary family planning, ante- and post-natal care services, and raising community awareness about maternal and child health. U.S. funded pilot projects will promote safe water treatment, storage, and community awareness at the household level. In education, a holistic program approach will address school administrator and teacher training; parent organization support and training; and literacy programs. The President's Initiative to Expand Education to the World's Poorest will give children access to quality improvements in basic education programs. USAID funding will also renovate schools, construct multi-purpose rooms, and invest in Education Management Information Systems (EMIS) that assist stakeholders with decision making and teacher training. Building on the basic education effort, assistance in higher education will fund scholarships for high school graduates, emphasizing female and rural participants, to study at the Teacher Training Institutes and also employment for the scholarship recipients with the Ministry of Education (MOE) at the central, governorate, and district levels.

**Economic Growth:** U.S. support will assist the Yemeni Government to promote the use of new technologies and the adoption of international standards in horticulture; promote livestock production and marketing; and strengthen small and medium enterprises. Funding will promote private sector competitiveness by enhancing the capacity of business and industry associations to create supply and value chains, particularly in agriculture.

### **Linkages with the Millennium Challenge Corporation**

Yemen's eligibility for the Millennium Challenge Corporation Threshold program was reinstated in February 2007. A \$20.6 million Threshold program designed to strengthen Yemen's National Integrity System, consolidate democratic governance, and enhance the investment climate is expected.

### **Overview of Major Changes**

The overall FY 2009 increase will enable the U.S. to advance critical objectives and assist in moving this desperately poor, vital counter-terrorism partner to a more economically and democratically developed status.

## MERC - Middle East Regional Cooperation

### Program Overview

Promoting normalized Arab-Israeli relations is a key element of U.S. Middle East peace efforts. The Middle East Regional Cooperation (MERC) Program and the Middle East Multilaterals (MEM) Program support U.S. efforts through funding cooperative projects between Arab and Israeli officials and professionals. MERC and MEM are long-standing programs that remain particularly relevant to current peace process efforts. (Congress initiated MERC in 1979 after the Israel-Egypt Camp David Accords; the United States established MEM after the 1991 Madrid Peace Conference as part of the multilateral track of the peace process.) MERC- and MEM-funded technical projects promote and strengthen Israeli-Arab ties by demonstrating that peaceful cooperation yields tangible benefits for all involved.

### Resources to Advance Transformational Diplomacy

#### Request by Account by Fiscal Year

(\$ in thousands)	FY 2007	FY 2008	FY 2009
	Actual	Estimate	Request
<b>TOTAL</b>	6,000	4,960	3,000
Economic Support Fund	6,000	4,960	3,000

#### Request by Program Area by Fiscal Year

(\$ in thousands)	FY 2007	FY 2008	FY 2009
	Actual	Estimate	Request
<b>TOTAL</b>	6,000	4,960	3,000
<b>Peace and Security</b>	6,000	4,960	3,000
Conflict Mitigation and Reconciliation	6,000	4,960	3,000

#### Request by Objective by Account, FY 2009

(\$ in thousands)	Total	P&S	GJD	IIP	EG	HA
<b>TOTAL</b>	3,000	3,000	-	-	-	-
Economic Support Fund	3,000	3,000	-	-	-	-

**Peace and Security:** FY 2009 Department of State funds will be used to support new and ongoing MERC and MEM projects designed to provide practical benefits to both Israelis and Arabs. MERC is a highly competitive program that provides grants based on unsolicited research project proposals from diverse groups including universities, non-governmental organizations (NGOs), and government laboratories. MEM is a directed program where U.S. officials and experts work with Israeli and Arab

government officials and experts to identify priority needs. The two programs are complementary. In addition to supporting conflict mitigation and reconciliation programs through advancing Arab-Israeli cooperation, all projects contribute to the foreign assistance objectives of Investing in People and/or Economic Growth. MERC and MEM projects include a wide range of important fields with the goal of increasing economic development, protecting the environment, and improving health conditions. Agriculture projects will continue to focus on increasing productivity of livestock and crops, while health projects will address emerging infectious diseases and other health threats in the region. Shared stewardship of environmentally sensitive areas such as the Red Sea coral reef ecosystem will remain a priority. Given the importance of water in the Middle East, with its scarcity producing serious economic and environmental impacts across the region, MERC and MEM will continue to support projects addressing key water issues such as effective water management, wastewater treatment, and desertification prevention.

### **Overview of Major Changes**

The decrease in the FY 2009 request level will allow MERC and MEM to continue to support projects, while maintaining program effectiveness.

## MFO - Multilateral Force and Observers

### Program Overview

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. As the primary mechanism for dialogue, the MFO also provides an effective liaison system between the Israeli and Egyptian defense forces. Attaining a comprehensive peace between Israel and all of its neighbors is a fundamental U.S. policy 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 Advance Transformational Diplomacy

#### Request by Account by Fiscal Year

(\$ in thousands)	FY 2007	FY 2008	FY 2009
	Actual	Estimate	Request
<b>TOTAL</b>	21,000	24,798	21,750
Peacekeeping Operations	21,000	24,798	21,750

#### Request by Program Area by Fiscal Year

(\$ in thousands)	FY 2007	FY 2008	FY 2009
	Actual	Estimate	Request
<b>TOTAL</b>	21,000	24,798	21,750
<b>Peace and Security</b>	21,000	24,798	21,750
Stabilization Operations and Security Sector Reform	21,000	-	-
Conflict Mitigation and Reconciliation	-	24,798	21,750

#### Request by Objective by Account, FY 2009

(\$ in thousands)	Total	P&S	GJD	IIP	EG	HA
<b>TOTAL</b>	21,750	21,750	-	-	-	-
Peacekeeping Operations	21,750	21,750	-	-	-	-

**Peace and Security:** The United States has a firm political commitment to provide one-third of the annual MFO operating budget; Israel and Egypt fund the other two-thirds of the budget. The MFO's long-standing effectiveness is demonstrated by the parties' continued compliance with the Treaty and the excellent cooperation between Egyptian and Israeli officials in the Treaty's liaison system. FY



2009 assistance through the Department of State will continue to fund operating expenses, possibly including enhanced force protection of personnel, expanded requirements related to Israel's disengagement from Gaza in 2005, and previously planned aircraft upgrades.

### **Overview of Major Changes**

While a decrease from the FY 2008 estimate, the FY 2009 request reflects an increase over the FY 2008 request to accommodate increased force protection expenses and operating costs.

## Middle East Regional

### Program Overview

U.S. foreign policy interests continue to be intricately linked with the future of the Middle East and North Africa (MENA). The U.S. Agency for International Development's (USAID) Office of Middle East Programs (USAID/OMEPA) directly supports key regional strategic priorities, including promoting peace and diminishing the underlying causes of terrorism through transnational and regional activities that complement bilateral programs and maximize the impact of U.S. assistance. OMEPA works regionally to encourage broader networking and shared solutions to common problems such as water scarcity, financial crime, and an exploding youth demographic.

### Resources to Advance Transformational Diplomacy

#### Request by Account by Fiscal Year

(\$ in thousands)	FY 2007 Actual	FY 2008 Estimate	FY 2009 Request
<b>TOTAL</b>	5,585	11,841	5,500
Development Assistance	5,585	8,865	5,500
Economic Support Fund	-	2,976	-

#### Request by Program Area by Fiscal Year

(\$ in thousands)	FY 2007 Actual	FY 2008 Estimate	FY 2009 Request
<b>TOTAL</b>	5,585	11,841	5,500
<b>Peace and Security</b>	3,925	7,085	3,250
Counter-Terrorism	3,925	6,585	3,250
Conflict Mitigation and Reconciliation	-	500	-
<b>Governing Justly and Democratically</b>	660	2,756	1,250
Good Governance	660	1,761	1,250
Civil Society	-	995	-
<b>Investing in People</b>	1,000	2,000	1,000
Health	1,000	2,000	1,000

#### Request by Objective by Account, FY 2009

(\$ in thousands)	Total	P&S	GJD	IIP	EG	HA
<b>TOTAL</b>	5,500	3,250	1,250	1,000	-	-
Development Assistance	5,500	3,250	1,250	1,000	-	-

**Peace and Security:** A challenge and opportunity for de-legitimizing terrorist ideology and mitigating conflict is addressing the bulging youth demographic. With FY 2009 funding, OMEP will continue to consolidate its successes in programs focused on youth and plans to continue activities recently launched to engage the media and the private sector in mitigating conflict. A “Peace Scholarship” program launched in FY 2007 brings promising undergraduates from across the Arab world to the United States for continued education, leadership training, and “experience America” programs. OMEP will continue work on innovative Arab media programs that promote tolerant ideas and information and OMEP will work with the Departments of Defense and State, which also program Peace and Security activities, to ensure complementarity. Important synergies and coordination points exist, for example, in efforts regarding the Trans-Sahara Counter-Terrorism Partnership.

**Governing Justly and Democratically:** MENA governments do not enjoy high levels of legitimacy with their populations and dissent often results in violent resistance. In addition, MENA governments, often inadequately control financial and other flows across borders. OMEP activities will help to address certain acute governance issues in order to strengthen the legitimacy and governing ability of MENA governments. Several issues, such as anti-money laundering, require a regional approach due to the cross-border nature of the problem. Anti-money laundering activities will work to stem the sources of terrorist financing moving across borders. OMEP activities will also encourage civil society efforts on transboundary issues such as human rights advocacy, and address problems of stateless populations.

**Investing in People:** Water is a major health issue and potential flashpoint for conflict in the MENA region. The overall scarcity of water and the fact that much of the surface water comes from transboundary river systems means that MENA countries must cooperate and approach common water challenges with shared solutions. To make progress on these goals, OMEP will continue work on USAID’s major regional water initiative, the “Blue Revolution Initiative,” which focuses on key sub-regions where potential conflict can be mitigated, such as the Tigris and Euphrates watershed that affects populations in Turkey, Syria, and Iraq.

### **Overview of Major Changes**

FY 2009 funding for USAID/OMEP will be a decrease from FY 2008. The bulk of the decrease is reflected in reductions to Peace and Security and Investing in People activities.

## Near East Regional

### Program Overview

The Middle East Partnership Initiative (MEPI) embodies transformational diplomacy and the United States' effort to advance democratic reform in the Middle East and North Africa. Through energetic diplomatic and programmatic action, MEPI serves as a critical tool that allows the United States to respond rapidly to reform efforts driven by the people of the region.

MEPI programs seek to redress the deficits in the region associated with unaccountable governments, weak educational systems, inadequate government services, lack of political and economic opportunities for women, poor governance, and economies that provide insufficient job opportunities for young people. In its five years, MEPI has partnered with a growing network of reformers in the region stepping forward to tackle challenges so that democracy can spread, education can thrive, economies can grow, and women can be empowered.

### Resources to Advance Transformational Diplomacy

#### Request by Account by Fiscal Year

(\$ in thousands)	FY 2007	FY 2008	FY 2009
	Actual	Estimate	Request
<b>TOTAL</b>	50,794	49,595	87,000
Economic Support Fund	50,000	49,595	87,000
Nonproliferation, Antiterrorism, Demining and Related Programs	150	-	-
Public Law 480 (Food Aid)	644	-	-

#### Request by Program Area by Fiscal Year

(\$ in thousands)	FY 2007	FY 2008	FY 2009
	Actual	Estimate	Request
<b>TOTAL</b>	50,794	49,595	87,000
<b>Peace and Security</b>	150	-	-
Combating Weapons of Mass Destruction (WMD)	150	-	-
<b>Governing Justly and Democratically</b>	23,100	22,500	42,000
Rule of Law and Human Rights	4,700	3,000	8,000
Political Competition and Consensus-Building	5,600	8,500	14,500
Civil Society	12,800	11,000	19,500
<b>Investing in People</b>	9,000	11,500	16,000
Education	9,000	11,500	16,000
<b>Economic Growth</b>	17,900	5,000	28,500
Trade and Investment	2,100	-	1,000

(\$ in thousands)	FY 2007	FY 2008	FY 2009
	Actual	Estimate	Request
<b>TOTAL</b>	50,794	49,595	87,000
Financial Sector	8,550	-	18,000
Private Sector Competitiveness	7,250	5,000	9,500
<b>Humanitarian Assistance</b>	644	10,000	-
Protection, Assistance and Solutions	644	10,000	-
<b>Program Support</b>	-	595	500
Program Support	-	595	500

#### Request by Objective by Account, FY 2009

(\$ in thousands)	Total	P&S	GJD	IIP	EG	HA	PS
<b>TOTAL</b>	87,000	-	42,000	16,000	28,500	-	500
Economic Support Fund	87,000	-	42,000	16,000	28,500	-	500

**Governing Justly and Democratically:** MEPI will continue to support democratic advancements throughout the region by providing technical and material assistance to democracy advocates and reformers in legislatures and municipal councils, political parties, non-governmental organizations and other institutional vehicles for popular participation and the protection of human rights, including the judiciary. MEPI also will support sustainable civil society engagement on reform through Group of Eight (G8) -Broader Middle East and North Africa (BMENA) democracy initiatives, like the Foundation for the Future. Through programs that increase access to free and independent media, MEPI will further support an informed citizenry better able to engage in the public agenda, and expand the public space. MEPI will pay particular attention to those countries where the challenges and needs are greatest, including Syria, where freedoms of expression and association lag well behind the regional norm. Specifically, MEPI will work to strengthen and support Syria's fledgling civil society movement and democracy activists.

MEPI programs recognize that without the participation of women, true and sustainable democracy is not possible. With the support of MEPI programs over the last five years, the political space for women has expanded throughout the region. Through targeted programming, MEPI trained female candidates in basic political skills that allowed them to wage credible campaigns at the national, regional, and local levels. Women received training in campaigning, monitoring elections, and managing organizations democratically. In FY 2009, MEPI women's empowerment programming will build on these successes by promoting women as decision-makers, providing professional development training and mentoring, and helping to secure women's equal rights under the law.

In addition, FY 2009 MEPI programming will continue to encourage underrepresented groups to participate in reform efforts and the political process. Improving national laws, empowering women through societal change and democracy building, and using more resources to engage the region's youth will be paramount as MEPI moves forward to achieve U.S. objectives. MEPI 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.

**Investing in People:** MEPI is working to transform the quality of education in the region through strengthening democratic values and practices in both formal and non-formal education environments. Using a multi-pronged programming approach, efforts focus on both individuals and institutions, with a specific emphasis on leveraging the to-date success of reform programs through replication and transfer. Education programming will continue to emphasize activities that foster student awareness of civic rights and responsibilities, develop their leadership skills, and foster their ability to think critically. These programs also will focus on developing an understanding of the fundamental values, principles and institutions of democratic processes among teachers, students, administrators, and policy makers.

**Economic Growth:** Creating more jobs and opportunities in the region is of utmost importance to making the larger democratic reform effort sustainable. This funding will stimulate job creation in growth-oriented economic sectors, help a vibrant middle class to emerge, and act as a catalyst to attract investment by supporting private sector-led sustainable economic growth. The program will be implemented through the BMENA Fund for the Future utilizing profit-making small and medium-sized enterprises (SMEs).

Economic Growth programs also will combine trade initiatives that encourage governments to change their policies with assistance for civil society and the business communities in the region. 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. For example, MEPI provides legal assistance and expertise to the Bahrain Ministry of Industry and Commerce so it can draft a new Commercial Companies Law, Corporate Governance Code, and Investment Laws.

MEPI recognizes that sustainable economic growth requires that both men and women be able to participate in their economies. MEPI will continue to implement programs that build networks of Middle East and North African businesswomen in order to advance their role in society, foster democratic change, and promote a regional culture of women's entrepreneurship.

### **Overview of Major Changes**

In FY 2009 funding for the Economic Growth Objective will increase to fund the BMENA Fund for the Future. Also, the additional funds requested in the civil society program area reflect increases in the MEPI indigenous small grants program, as well as more youth-targeted programming.

## Trans-Sahara Counter-Terrorism Partnership

### Program Overview

United States foreign assistance under the Trans-Sahara Counter-Terrorism Partnership (TSCTP) draws on resources and expertise from the Department of State, the Department of Defense, and the U.S. Agency for International Development (USAID) and is focused on improving individual country and regional capabilities to defeat terrorist organizations; disrupt efforts to recruit and train new terrorist fighters, particularly from the young and rural poor; and counter efforts to establish safe havens for domestic and outside extremist groups. TSCTP partner nations include Tunisia, Morocco, Algeria, Mali, Chad, Nigeria, Senegal, Mauritania, and Niger.

### Resources to Advance Transformational Diplomacy

#### Request by Account by Fiscal Year

(\$ in thousands)	FY 2007 Actual	FY 2008 Estimate	FY 2009 Request
<b>TOTAL</b>	-	-	4,917
Economic Support Fund	-	-	4,017
Nonproliferation, Antiterrorism, Demining and Related Programs	-	-	900

#### Request by Program Area by Fiscal Year

(\$ in thousands)	FY 2007 Actual	FY 2008 Estimate	FY 2009 Request
<b>TOTAL</b>	-	-	4,917
<b>Peace and Security</b>	-	-	4,917
Counter-Terrorism	-	-	4,917

#### Request by Objective by Account, FY 2009

(\$ in thousands)	Total	P&S	GJD	IIP	EG	HA
<b>TOTAL</b>	4,917	4,917	-	-	-	-
Economic Support Fund	4,017	4,017	-	-	-	-
Nonproliferation, Antiterrorism, Demining and Related Programs	900	900	-	-	-	-

**Peace and Security:** The spread of al-Qaeda in the Islamic Maghreb (AQIM) and other extremist groups must be countered by “soft” counter-terrorism programming. Such programming includes initiatives that are proactive or preventive in countering terrorism through non-military outreach. To respond to the need for soft programming, FY 2009 marks the first year that the Department of State

has requested a separate budget for TSCTP programming in the Maghreb.

Algeria, in particular, faces significant and continuing challenges in countering the radicalization of its youth. Targeted assistance will thus be provided to Algeria in the form of a University Linkages Program aimed at improving the teaching of English at the primary and secondary levels, strengthening the civic education component of the national public school curriculum, and building understanding with Americans through Internet-based linkages between Algerian and American schools. This will undermine the attractiveness of extremist ideology to Algerian youth and thereby counter youth radicalization and decrease the pool of potential recruits for terrorist groups.

In Morocco, funding will be used in conjunction with the Moroccan Ministry of Justice to combat and study the spread of extremism in Morocco's badly overcrowded prisons. Moroccan prisons, with a population of some 60,000, have become a recruitment and radicalization nexus for Islamic extremists. This funding will provide the opportunity to directly engage prisoners and provide them alternatives to extremism, perhaps the most effective means, per person, of diverting potential recruits from terrorism.

In addition to soft counter-terrorism programming in the Maghreb, traditional counter-terrorism assistance will be provided to the government counterparts of the Maghreb through the security assistance programs administered by the State Department. These programs continue to serve as the primary provider of U.S. government anti-terrorism training and equipment to partner law enforcement agencies, providing a wide range of courses to strengthen critical counter-terrorism capacities.

Examples of counter-terrorism assistance sought for through the Maghreb are crisis response team training, explosive incident counter measures courses, VIP protection courses, and training that would prevent terrorist attacks on soft targets. The Secretary's Office of Counter-terrorism will provide policy guidance to the Bureau of Diplomatic Security's Office of Anti-terrorism Assistance, which will implement the courses and exchange programs selected for the Maghreb by the respective regional host country governments in conjunction with Country Teams.

### **Overview of Major Changes**

FY 2009 marks the first year that a separate budget for TSCTP programming in the Maghreb has been requested.