

Congressional Budget Justification

FOREIGN OPERATIONS



Fiscal Year 2009

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Overview of the Congressional Budget Justification Foreign Operations FY 2009 Budget Request

The FY 2009 Foreign Operations budget request reflects: improved strategic focus and data quality; most information at the Program Area level; and information on topics of greater Congressional interest.

Highlights:

Comparison of FY 2009 Request with FY 2008 Current Levels: As negotiations with Congress continue on the FY 2008 budget, the reported FY 2008 estimated levels represent preliminary levels at the time of printing.

Improved Foreign Operations Account Presentation: The FY 2009 Foreign Operations Congressional Budget Justification (CBJ) aligns the Request by Account chapter with the account presentation in the Foreign Operations bill and includes a more detailed table of contents. This is in contrast to the CBJ presentation last year, which was organized by department and agency.

New Section for State and USAID Functional Bureaus and Offices: To complete the reporting of foreign assistance program activities in the Department of State and USAID, the FY 2009 Foreign Operations CBJ includes a new section for each functional bureau or office requesting funding.

New Budget Table for the FY 2009 Request: Each regional and country narrative includes an additional budget table that links each Program Objective to corresponding appropriation accounts for the FY 2009 Request.

New Section for Selected Key Interest Areas: For the first time, the FY 2009 Foreign Operations request specifically addresses shared Congressional and Administration interests in the Selected Key Interest Areas chapter. This chapter succinctly describes U.S. assistance programs in each interest area and lists specific program funding in a separate budget table allocated to the Program Element level.

Uniform Reporting at the Program Area Level: The Request by Account, Functional Bureaus and Offices, and Regions tables uniformly report budget allocations at the Program Area level. This is in contrast to last year's CBJ, which provided detail to the Program Element level in these sections. Selected Key Interest Areas will now be the only narratives with selected Program Element allocations.

Integrated Budget and Performance Reporting: The FY 2009 Foreign Operations CBJ includes a separate budget and performance chapter which highlights 52 representative performance measures linked to resource requests. These indicators support the updated Foreign Assistance Framework hierarchy, and are organized accordingly, falling under one of the five foreign assistance Objectives, and within the Objective, under a specific Program Area.

Improved Regional and Country Narratives: The regional and country narratives reflect a concerted effort to produce more specific and detailed descriptions of new and ongoing programs.

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February 29, 2008

On behalf of President Bush, it is my pleasure to submit the Foreign Operations Congressional Budget Justification for Fiscal Year 2009.

President Bush's Fiscal Year 2009 Foreign Operations Budget for the Department of State, the U.S. Agency for International Development (USAID) and other foreign affairs agencies totals \$26.1 billion, an increase of 8.9% over the total Fiscal Year 2008 enacted to date, including emergency funding, or 14.3% over the FY 2008 enacted base. This budget request proposes an aggressive approach to strengthen and expand U.S. capacity for global engagement by enhancing our ability to pursue diplomatic, development, and security solutions to critical national security issues. The Fiscal Year 2009 Foreign Operations request also seeks to integrate and advance our security interests, our development efforts, and our democratic ideals by promoting responsible sovereignty, not permanent dependency. It reflects the critical role of the Department of State and USAID in implementing the National Security Strategy and addressing humanitarian needs, instability, and threats to international peace and security, including terrorism, by promoting freedom, democracy, and development, and stability around the world.

In the context of USAID's capability to deliver development assistance, it has become apparent that meeting the President's foreign policy agenda requires adequate numbers of thoroughly prepared and trained Foreign Service and Civil Service professionals. USAID's workforce must keep pace with its increasing program management responsibilities for existing and new programs. The Fiscal Year 2009 Foreign Operations Budget aims to strengthen USAID's operational capacity by increasing USAID's permanent Foreign Service Officer corps by 30%, supporting more training, and increasing resources for information technology to provide increased accountability in U.S. foreign aid programs. These additional human resources are also necessary to meet critical foreign policy goals.

The resources requested in the Fiscal Year 2009 Foreign Operations Budget are fundamental to our national security. This request sustains our large investment in the war on terror with \$2.3 billion to continue providing support for our critical efforts in Iraq, Afghanistan, and Pakistan. In addition, these requested resources demonstrate our strong commitment to fighting poverty, with a focus on strengthening democratic governance and promoting economic growth. This is reflected in our request for the Development Assistance account, which is nearly 60% higher than the Fiscal Year 2008 request, and our request of \$1.7 billion for democracy promotion and governance, including support for the President's Freedom Agenda. Our foreign assistance programs address foreign policy priorities by promoting stability in key countries and regions, confronting security challenges, advancing economic transformation, responding to

humanitarian crises, and encouraging better governance, policies, and institutions. With these resources, the Department of State, USAID and other foreign affairs agencies strive to create the conditions conducive to democracy and the development of human capacity. Countries that move in this direction become our partners in the war on terror, as well as on other issues critical to our national security and prosperity. This is the defining characteristic of President Bush's Fiscal Year 2009 Foreign Operations Budget.

We look forward to working closely with you to make the best use of taxpayer dollars in support of our shared goals of a peaceful and prosperous world.

Condoleezza Rice
Secretary of State

List of Acronyms

ACP	Andean Counterdrug Program
AEEB	Assistance for Eastern Europe and the Baltic States
AEI	Africa Education Initiative
AFRICOM	United States Africa Command
AGCI	African Global Competitiveness Initiative
AGOA	African Growth and Opportunity Act
AI	Avian Influenza
ANE	Asia Near East
APEC	Asia Pacific Economic Cooperation
APP	Asia Pacific Partnership on Clean Development and Climate
AQIM	Al-Qaeda in the Islamic Maghreb
ARF	Association of Southeast Asian Nations Regional Forum
ASEAN	Association of Southeast Asian Nations
ATA	Anti-Terrorism Assistance program
BMENA	Broader Middle East and North Africa
BiH	Bosnia and Herzegovina
BRI	Blue Revolution Initiative
BTA	Bilateral Trade Agreement
CAADP	Comprehensive Africa Agriculture Development Program
CAFC II	Commission for Assistance to a Free Cuba
CAFTA-DR	Central American and Dominican Republic Free Trade Agreement
CAR	Central African Republic
CARPE	Central Africa Regional Program for the Environment
CDCP	ECO-Asia Clean Development and Climate Program
CIF	USAID Capital Investment Fund
CIO	Contributions to International Organizations
CIPA	Contributions for International Peacekeeping Activities
CPA	Comprehensive Peace Agreement (Sudan)
CSH	Child Survival and Health Programs Fund
CT	Counter-terrorism
CTE	Counter-terrorism Engagement
CTF	Counter-terrorism Finance
DA	Development Assistance
DCA	Development Credit Authority
DCHA	Bureau for Democracy, Conflict and Humanitarian Assistance, USAID
DDR	Disarmament, Demobilization and Reintegration
DF	Democracy Fund
DOD	Department of Defense
DOE	Department of Energy
DOS	Department of State
DOTS	Directly Observed Treatment Short-Course protocol
DPA	Darfur Peace Agreement
DRC	Democratic Republic of the Congo
DRL	Bureau of Democracy, Human Rights, and Labor, Department of State

EAF	Egyptian Armed Forces
EAP	East Asia and Pacific
EARSI	East Africa Regional Strategic Initiative
ECA	Bureau of Educational and Cultural Affairs, Department of State
ECOWAS	Economic Community of West African States
EDA	Excess Defense Articles
EEZ	Exclusive Economic Zone
EFA	Education for All Initiative
EG	Economic Growth
EGAT	Bureau for Economic Growth, Agriculture and Trade, USAID
EGE	Enhancing Government Effectiveness
EMIS	Education Management Information Systems
EOD	Explosive Ordnance Device
ERMA	U.S. Emergency Refugee and Migration Assistance
ESF	Economic Support Fund
EU	European Union
FADM	Armed Forces of Mozambique
FMF	Foreign Military Financing
FP/RH	Family Planning/ Reproductive Health
FSA	Assistance for the Independent States of the Former Soviet Union
FTA	Free Trade Agreement
FTO	Foreign Terrorist Organization
GBV	Gender-Based Violence
GDP	Gross Domestic Product
GEMAP	Governance and Economic Management Assistance Program (Liberia)
GH	Global Health
GHAI	Global HIV/AIDS Initiative
GJD	Governing Justly and Democratically
G/TIP	Office to Monitor and Combat Trafficking in Persons
GVN	Government of Vietnam
GWOT	Global War on Terrorism
HA	Humanitarian Assistance
HIV/AIDS	Human Immunodeficiency Virus/Acquired Immunodeficiency Syndrome
ICASS	International Cooperative Administrative Support Services
ICTY	International Criminal Tribunal for the Former Yugoslavia
IDA	International Disaster Assistance
IDP	Internally Displaced Person
IIP	Bureau of International Information Programs, Department of State
IIP	Investing in People
IMET	International Military Education and Training
INCLE	International Narcotics Control and Law Enforcement
INL	Bureau for International Narcotics and Law Enforcement Affairs, Department of State
IO	Bureau of International Organization Affairs
IO&P	International Organizations and Programs
ITAR	International Traffic in Arms Regulations

JAF	Jordanian Armed Forces
JDF	Jamaica Defense Force
LAC	Latin America and Caribbean
LDF	Lesotho Defense Force
LTTE	Liberation Tigers of Tamil Eelam
MCA	Millennium Challenge Account
MCC	Millennium Challenge Corporation
MCH	Maternal and Child Health
MDF	Malawi Defense Force
MDR	Multiple Drug Resistant
MEM	Middle East Multilaterals Program
MENA	Middle East and North Africa
MEPI	Middle East Partnership Initiative
MERC	Middle East Regional Cooperation Program
MFO	Multinational Force and Observers
MNNA	Major Non-NATO Ally
MOE	Ministry of Education
MONUC	United Nations mission in the DRC
MOU	Memorandum of understanding
MRA	Migration and Refugee Assistance
MSME	Micro-, Small- and Medium Enterprise
NADR	Nonproliferation, Anti-Terrorism, Demining and Related Programs
NAFTA	North American Free Trade Agreement
NATO	North Atlantic Treaty Organization
NEA	Bureau of Near Eastern Affairs, Department of State
NGO	Non-Governmental Organization
ODP	Office of Development Partners
OE	USAID Operating Expenses
OECD	Organization for Economic Co-operation and Development
OECS	Organization of Eastern Caribbean States
OEF	Operation Enduring Friendship
OES	Bureau of Oceans and International Environment and Scientific Affairs
OMEP	Office of Middle East Programs, USAID
OPHT	Other Public Health Threats
OSCE	Organization for Security and Cooperation in Europe
PA	Palestinian Authority
PDR	Philippine Defense Reform
PEPFAR	President's Emergency Plan for HIV/AIDS Relief
PfP	NATO Partnership for Peace Program
PIF	Pacific Island Fund
PISCES	Personal Identification Secure Comparison Evaluation System
PISG	Provisional Institutions of Self-Government
PKO	Peacekeeping Operations
PL480	Public Law 480 Title II Food Assistance Program
PM	Bureau of Political-Military Affairs, Department of State
PMI	President's Malaria Initiative

PMTC	Prevention of maternal transmission to children
PPF	Panamanian Public Forces
PRM	Bureau of Population, Refugees, and Migration, Department of State
PRP	Poverty Reduction Plan
P&S	Peace and Security
PSI	Proliferation Security Initiative
PSNP	Productive Safety Net Program (of the Government of Ethiopia)
QIZ	Qualifying Industrial Zone
QME	Qualitative Military Edge (of Israel)
RAMSI	Regional Assistance Mission Solomon Islands
RDMA	Regional Development Mission Asia
ROC	Republic of the Congo
ROZ	Reconstruction Opportunity Zone
RMI	Republic of the Marshall Islands
RSI	Regional Strategic Initiatives
RSS	Reconstruction and Stabilization Support
SADC	Southern Africa Development Community
SAG	South African Government
SEED	Assistance for Eastern Europe and the Baltic States
S/CT	Office of the Coordinator for Counterterrorism
S/GAC	Office of the U.S. Global AIDS Coordinator
SICA	Central American Integration System
SIECA	Secretariat for Central American Economic Integration
SME	Small and Medium-sized Enterprise
SPLA	Sudan People's Liberation Army
SPP	Security and Prosperity Partnership
STP	Sao Tome and Principe
TB	Tuberculosis
TCB	Trade Capacity Building
TDS	Tonga Defense Service
TFI	Transitional Federal Institution
TFL	Training Future Leaders
TI	Transition Initiatives
TIP	Trafficking in Persons
TIP	Terrorist Interdiction Program
TSCTP	Trans-Sahara Counter-Terrorism Partnership
UAE	United Arab Emirates
UN	United Nations
UNAMID	United Nations and African Union Mission in Darfur
UNMIK	UN Mission in Kosovo
UNMIS	United Nations Mission in Sudan
UNRWA	United National Relief and Works Agency for Palestine Refugees in the Near East
VCT	Voluntary Counseling and Testing
WJEI	Women's Justice and Empowerment Initiative
WMD	Weapons of Mass Destruction
WTO	World Trade Organization

UNITED STATES FOREIGN ASSISTANCE: GLOBAL ENGAGEMENT FOR A NEW ERA

Protecting our nation from the dangers of a new century requires more than good intelligence and a strong military. It also requires changing the conditions that breed resentment and allow extremists to prey on despair. So America is using its influence to build a freer, more hopeful, and more compassionate world. This is a reflection of our national interest; it is the calling of our conscience.

President George Bush, State of the Union Address, January 28, 2008

I can assure you we deal with the world as it is. But America at its best does not accept the world as it is. America at its best unites our power and our principles and works to make the world better than it is – not perfect, but better... We will not meet the challenges of the 21st century through military or any other means alone. Our national security requires the integration of our universal principles with all elements of our national power: our defense, our diplomacy, our development assistance, our democracy promotion efforts, free trade, and the good work of our private sector and society.

Secretary of State Condoleezza Rice, February 12, 2008

It has become clear that the security and well-being of Americans is inextricably linked to the capacity of foreign states to govern justly and effectively. As Secretary Rice has emphasized, the U.S. Government can no longer draw neat, clear lines between security interests, development efforts, and democratic ideals. Commensurate with the need to address these goals collectively, the National Security Strategy of the United States places development, together with defense and diplomacy, at the center of U.S. foreign policy. Indeed, there is an ever growing consensus that the foreign assistance funds invested in development and governance are funds invested in America's long-term security and prosperity.

Since the beginning of this Administration, unprecedented investments have been made in meaningful, long term advancement for partner nations around the world: we have tripled our official development assistance worldwide and quadrupled our bilateral aid to Africa. The President launched the watershed Emergency Plan for AIDS Relief (PEPFAR), the President's Malaria Initiative (PMI), the President's Initiative to Expand Education to the World's Poorest, and established the Millennium Challenge Corporation (MCC). At the same time, we have continued support for key partners in the war on terror, efforts to promote and strengthen democracy and human rights, trade capacity, and climate observation and mitigation. To sustain real progress, the Department of State and the U.S. Agency for International Development (USAID) must nurture and grow these investments—investments in a future in which there is an ever expanding circle of well-governed states upon which the United States can partner and rely.

The FY 2009 budget request was built with these long term considerations in mind to ensure that U.S. investments in partner nations are carried through to their successful completion and to position the Department of State and USAID to aggressively and meaningfully address the most important structural challenges to lasting peace, stability and transformation. It was built collaboratively by the Department of State and USAID, with a country based focus, and centered

on what our experts in the field and our host country partners have identified as real needs and appropriate, robust interventions. Overall, it was motivated by the transformational diplomacy goal: helping to build and sustain democratic, well governed states that respond to the needs of their people, reduce widespread poverty and conduct themselves responsibly in the international system.

The FY 2009 Function 150 International Affairs request totals \$26.1 billion, an increase of 8.9% over the FY 2008 enacted budget, including emergency funding. Excluding emergency funding, this is a 14.3% increase over the FY 2008 enacted base. The FY 2009 Foreign Operations request for the Department of State and USAID totals \$22.7 billion, a \$598 million increase over the FY 2008 enacted level, or an increase of almost 3%, including the Global HIV/AIDS Initiative and P.L. 480 Title II food aid. Within this level, the Global HIV/AIDS request has increased by \$117 million over FY 2008 enacted, while all other programs have increased by \$481 million.

Strategic Priorities of the Foreign Assistance Budget Request

Sustaining strong support for U.S. efforts in the war on terror by continuing to provide robust assistance to achieve necessary economic, democratic, and political stabilization and development in Iraq and Afghanistan. Related to this, the request includes significant funding to strengthen security, development, and democracy in Pakistan, including support to improve social and economic conditions in Federally Administered Tribal Areas (FATA). The Administration did not include a detailed FY 2009 supplemental request within the Budget. When needs are better known, the Administration will request additional funds for foreign operations, including costs related to supporting freedom in Iraq and building a stable Afghanistan.

Strengthening the core capabilities of USAID to effectively deliver U.S. foreign assistance on the ground with local partners, where programs have the greatest impact. The ability of the United States to demonstrate and convey the merits of good governance, economic development, and social progress to developing countries in the global community is critical to achieving national security. Any effort to improve development initiatives will require a significantly increased overseas presence, together with expanded technical and stewardship capabilities. The FY 2009 request includes funding for 300 new Foreign Service Officers for USAID.

Reducing poverty by increasing investments aimed at expanding the community of stable, democratically-governed, and prosperous nations. Advancing just, democratic and well-functioning governance is central to achieving the transformational diplomacy goal. This emphasis is reflected in the request for Development Assistance account, which is nearly 60% higher than the President's 2008 request. Funding for programs to consolidate democratic gains and seize upon opportunities to further freedom and good governance has been increased by 27% from FY 2008 enacted levels. Funding for programs that expand economic freedom, help countries open their markets, and spur growth has been increased by nearly \$94 million. A particular focus of these efforts is supporting reform-minded governments in Africa and the Western Hemisphere, where targeted increases will help underpin and sustain MCC, PEPFAR,

and other U.S. investments by funding related economic and governance programs that will enable these investments to be successful.

Confronting security challenges in key states and regions such as the Pan-Sahel and the Arabian Gulf as well as building the capacity of U.S. friends and allies for deployments in support of the war on terror, global peacekeeping operations, and regional counter-terrorism initiatives. The request includes a significant increase in Foreign Military Financing (FMF) for Israel. Other funding requested is geared to promoting stability in key rebuilding states in Africa by supporting peacekeeping efforts in Somalia, Liberia, and Sudan. To confront security challenges in the Western Hemisphere, the request includes \$550 million to combat the threats of drug trafficking, transnational crime, and terrorism in Mexico and Central America as part of the Merida Initiative.

Promoting and supporting human capacity development with a focus on combating deadly diseases such as HIV/AIDS, tuberculosis, malaria, polio, and avian influenza; promoting maternal and child health and family planning; increasing availability and access to clean water; and fostering education. Many investments in health are designed to complement the President's Emergency Plan for AIDS Relief (PEPFAR). The request also includes specific resources for both basic education and the Communities of Opportunity to support the President's Initiative to Expand Education to the World's Poorest.

Regional Overviews

Africa: The United States is committed to doubling assistance to sub-Saharan Africa between 2004 and 2010 to \$8.7 billion. The continued increases in funding for critical programs in sub-Saharan Africa as well as the overall trend of general increases in foreign assistance budget levels for the continent, clearly underscore an important message: Africa matters. The FY 2009 request places a priority on interventions critical to achieving sustainable progress and transformation in key African countries. Under the FY 2009 budget for Africa resources will be concentrated in countries critical to the continent's stability, including the Democratic Republic of the Congo, Ethiopia, Liberia, Nigeria, South Africa, and Sudan. In addition, the request includes additional funds to address evolving needs in Somalia and Zimbabwe. Together, these critical countries account for over half of the total request for the region. Recognizing that current investments in the region are heavily concentrated in the fight against HIV/AIDS, malaria, and other immediate health threats, the FY 2009 request also calls for significant increases in funding for democracy and governance, education, economic growth, and peace and security. These resources complement the major U.S. investments in the health sector and the MCC programs and help to ensure that these collective U.S. efforts lead to balanced and sustained long-term development progress throughout the region.

East Asia and the Pacific: Over half of the FY 2009 request for the East Asia and Pacific region is devoted to Indonesia and the Philippines, the two countries poised to lead this region toward economic prosperity and democracy. In addition, this year's request seeks to continue the upsurge in assistance to Burma in response to protests in August and September, while capitalizing on opportunities for further reform in Vietnam and Cambodia. Funding requested under the Investing in People Objective constitutes 44% of the request for the region, with

programs concentrated in basic education, HIV/AIDS, and maternal and child health. Security assistance supports U.S. partners in the war on terror, particularly in Indonesia, the Philippines, and Mongolia. Assistance in Governing Justly and Democratically is intended to bolster democracy in Indonesia, the Philippines, and Cambodia; to improve governance in Vietnam; and to strengthen Thailand's return to democracy. Economic Growth assistance includes an important focus on promoting environmental sustainability activities across the region.

Europe and Eurasia: The FY 2009 request maintains focus on the unfinished business of stabilizing the Balkans, helping Westward-oriented countries complete and consolidate democratic and economic reforms, and helping European friends and allies play a critical role in operations related to the war on terror. Supporting a final Kosovo settlement will entail infrastructure development, institutional reform, and debt relief. Throughout this critical period, deep U.S. engagement will be aimed at keeping Albania, Bosnia, Macedonia, Montenegro, and Serbia advancing on the path toward Euro-Atlantic integration. The United States has a vital interest in an open and democratic Russia that is a stable geopolitical partner and will engage where it can do so productively, while continuing to support those Russians trying to maintain an open and pluralistic society. For Russia's neighbors, including Moldova, Georgia and Ukraine, assistance is prioritized to help these countries take advantage of opportunities to implement ambitious economic and political reform.

Near East: The FY 2009 request for the Near East represents a 5% increase over FY 2008 enacted levels to meet security and stability challenges and to respond to opportunities for reform. Assistance requested is essential to help Iraqis take the lead to improve security, promote national reconciliation, and spur economic growth. FY 2009 funding will further regional stability by promoting dialogue between Israelis and Palestinians consistent with the Roadmap and Quartet Principles; strengthening the new Palestinian Authority government; and supporting the democratically-elected Government of Lebanon and the primacy of the Lebanese state, particularly in southern Lebanon. To build and strengthen the regional security architecture, the FY 2009 funding request includes an increase in Peace and Security to strengthen the security of allies like Jordan and Israel, combat terrorism through the Trans-Saharan Counter-Terrorism Partnership (TSCTP) and advance stability through the Gulf Security Dialogue. The FY 2009 request responds to opportunities to promote political reform throughout the region; bolster the economic, political and social foundations of fragile states like Yemen; and further cooperation and dialogue through initiatives like the Middle East Partnership Initiative (MEPI). The FY 2009 request for Egypt decreases in accordance with recent Administration decisions regarding future Economic Support Fund levels for Egypt.

South and Central Asia: The FY 2009 budget request for South and Central Asia will continue to support the war on terror through security, reconstruction, health, education and democracy development programs, particularly in Afghanistan and Pakistan. These two countries are pivotal to overall progress in fostering peace, stability, and development throughout South and Central Asia and make up nearly 85% of the region's total request. As increasing stability in these two countries is a primary goal, funding under the Peace and Security objective makes more than a third of the total requested for each country. This includes funding for counter-terrorism, counter-narcotics, and border security programs in both countries as well as increases for Provincial Reconstruction Teams in Afghanistan. The request also reflects the U.S.

commitment to integrate South and Central Asia through economic development, trade and reconstruction. Funding for democracy and governance programs is increased for Bangladesh in order to support a stable democratic transition from the military-backed caretaker government. In response to continuing Maoist violence in Nepal, requested Peace and Security funding increases for that country provide critical support for the consolidation of peace and democratic transition. Increased funding for Turkmenistan will allow the United States to capitalize on new opportunities to promote economic, democratic and social sector reform.

Western Hemisphere: The FY 2009 request for the Western Hemisphere represents a significant increase over the FY 2008 enacted, primarily due to the new Merida Initiative to promote regional security cooperation with Mexico and Central America. Other increasing investments in the region are targeted to foster a stable political and economic environment that will bring the benefits of democracy – prosperity and social justice – to all. Colombia, Bolivia, Ecuador, Peru, and Haiti account for a significant portion of the region’s FY 2009 budget request and remain priorities for the Administration’s transformational diplomacy efforts in the region. The FY 2009 foreign assistance request continues support for implementation of the Central American and Dominican Republic Free Trade Agreement (CAFTA-DR).

Foreign Assistance Program Objectives

Peace and Security (P&S): Programs funded under this objective help nations establish the conditions and capacity to achieve peace, security, and stability and respond effectively to threats to national or international security and stability. The FY 2009 budget provides \$7.7 billion, representing more than one-third of the State-USAID portion of this year’s request. Compared to the FY 2008 appropriation, funding under this objective increases by 13%. The majority of P&S funds are provided through country budgets to address critical security issues affecting those countries and their surrounding regions. Global funding requested supports the core costs of Washington functional bureaus that implement programs in specific countries and of programs that address unique security issues that can only be managed centrally or that require flexible, cross-region programming including such issues as counter-terrorism, bilateral and multilateral military engagement, transnational crime, eliminating weapons of mass destruction, and combating trafficking in persons.

FY 2007 performance for this objective is measured by a set of 10 indicators, for which U.S. programs were at or above target for counter-terrorism, weapons of mass destruction, and conflict mitigation and reconciliation. The mixed results shown in stability operations and security sector reform are the result of incomplete security data for Afghanistan; otherwise, performance is above target. In counter-narcotics, program changes in a single country led to lower than expected results for one indicator; notwithstanding that budgetary shift, the results for other countries receiving U.S. Government assistance were above target. Finally, data on trafficking in persons cases are not collected and reported in a standardized manner worldwide, making progress in this area difficult to assess. Detailed budget and performance information for this objective can be found in Chapter V.

Governing Justly and Democratically (GJD): Consistent with the President’s Freedom Agenda, programs under this objective promote freedom and strengthen effective democracies

with the goal of moving countries along a continuum toward democratic consolidation. GJD assistance supports the rule of law and human rights, good governance, political competition and consensus-building, and civil society and access to information. This assistance must take into account the challenges and opportunities presented by the political environment of each country and balance efforts to enhance the capacity of governments that seek to become more democratic with efforts to strengthen the capability of non-governmental actors, including citizens, to advocate and hold governments accountable. The FY 2009 budget includes \$1.7 billion for programs under this objective, representing 8% of the State-USAID portion of the Foreign Assistance budget request. Compared to the FY 2008 appropriation, the request for FY 2009 represents an increase of \$364 million or 27% for GJD programs overall. Highlights of the request include funding for the 2009 Afghanistan elections, post-elections assistance to democratic forces in Pakistan, and increased assistance toward promoting democracy in authoritarian regimes such as Burma and Zimbabwe.

While GJD efforts are primarily funded through bilateral programs, approximately 8% of the request is for centrally managed programs that provide innovative and timely programs in countries that are a priority for the President's Freedom Agenda, where the United States has a limited presence or as a contribution to multilateral efforts. Global funding under this objective also provides technical support and global program mechanisms to U.S. missions, as well as cutting-edge research, evaluation and training.

In FY 2007, U.S. programs in this area made a significant contribution to historic presidential and provincial assembly elections in the Democratic Republic of Congo that were credible and largely peaceful. U.S. support also helped ensure that hotly contested early parliamentary elections in Ukraine were deemed largely free and fair. Similarly, with U.S. support, national elections in Guatemala promoted the inclusion of the indigenous population, as called for in the 1996 Peace Accords.

Resources for programs supporting the Governing Justly and Democratically Strategic Objective in FY 2007 totaled \$2.14 billion or approximately 9% of the total foreign assistance budget for the year. Of the 11 indicators measuring program performance for this objective, seven reported results in FY 2007, of which all but one met or exceeded the performance targets. The only performance measure not achieving its target was in the Rule of Law and Human Rights program area, and was the result of funding decreases in a single, large program. Detailed budget and performance information for this objective can be found in Chapter V.

Investing in People (IIP): This program objective provides funding to programs that help nations achieve sustainable improvements in the well-being and productivity of their populations through effective and accountable investments in education, health, and other social services and protection for especially vulnerable populations. The FY 2009 budget provides \$7.7 billion or more than one third of the State-USAID portion of the Foreign Assistance budget request for FY 2009. The \$6.8 billion requested for the health program area is dominated by funding for HIV/AIDS (\$5.1 billion), maternal and child health (\$704.1 million), malaria (\$385.5 million), and family planning and reproductive health (\$332 million). The request also includes \$25 million for the President's new Neglected Tropical Diseases Initiative. The FY 2009 request for \$758 million for education includes funding to ramp up efforts in the second year of the

President's Initiative to Expand Education to the World's Poorest, adding \$61 million for basic education in 6 countries and \$33 million for Communities of Opportunity in up to 10 countries, as well as to address the basic education needs of students currently enrolled in U.S. program-supported schools, and support exchange programs in higher education designed to strengthen leadership capacities for economic and democratic development. For FY 2009, approximately 31% of total funding for this objective is requested for global programs.

Considerable progress in this objective was achieved in FY 2007, evidenced by 92% of the performance objectives meeting or exceeding their targets. Examples include 1.36 million individuals treated for HIV, compared to the target of 1.2 million. Among the 18 target countries for tuberculosis programs, seven achieved 85% or greater treatment success, exceeding the target of six. More than 22 million people were protected against malaria in the 15 target countries of the President's Malaria Initiative, compared to the target of 15 million. Population surveys found that 47.7% of births were attended by skilled birth attendants during FY 2007, slightly exceeding the target of 47.3%. Other performance data show that 48.8% of births were spaced more than three years apart, the healthiest interval for infants and mothers, exceeding the target of 47.9%. The target of 23.4 million learners enrolled in U.S.-supported primary school or equivalent non-school settings was exceeded; 27.1 million learners were enrolled in such institutions. Detailed budget and performance information for this objective can be found in Chapter V.

Economic Growth (EG): The FY 2009 request of \$2.3 billion for Economic Growth represents an increase of 6% over the FY 2008 enacted level. The FY 2009 request includes a significant shift in regional focus, with funding for EG programs in Africa increasing by 29%, to \$628 million. This strategic reallocation reflects both concern with Africa's continued economic marginalization and optimism that the growing commitment of many African countries to economic reform and transformation offers an historic opportunity to finally break the cycle of poverty and instability in that region. EG programs promote transformational, long-term development by supporting the efforts of developing countries to improve and streamline their governance, combat corruption, create a hospitable business environment, and empower the poor to take advantage of trade and other market opportunities. EG programs also stress the importance of public-private partnerships, and recognize that private sector-led economic growth provides the only means for developing countries to generate the funds they need to invest in their own people's education, health, and other needs, and to eventually emerge from dependence on foreign aid.

EG programs are producing concrete results throughout the developing world. For example: in Liberia, U.S. assistance helped the new, democratically-elected government build an efficient revenue system that, within one year, doubled the locally-generated resources available to support education, health and other essential services. In Georgia, EG programs helped eliminate 750 redundant licensing requirements and reduced the cost of registering property by 70%, generating over \$100 million in concrete economic benefits in the first year alone. In East Africa, U.S. programs worked with public-private partnerships to develop warehouse-receipt systems, transportation services, and other critical market infrastructure. Regional trade in selected agricultural products has increased by 57%. Of the nine EG measures for which results

were reported in FY 2007, 100% of them met or exceeded their targets. Detailed budget and performance information for this objective can be found in Chapter V.

Humanitarian Assistance (HA): Funding under this objective saves lives, alleviates suffering, and minimizes the economic costs of conflict, disasters, and displacement. The FY 2009 budget provides \$2.1 billion, representing 9% of the State-USAID portion of the Foreign Assistance budget request for FY 2009. However, HA funding is generally not done on a country-by-country basis and a request for Iraq and Afghanistan is not specifically included in the FY 2009 request. Three HA accounts – \$897 million of the P.L. 480 Title II food aid request that is counted towards the HA objective, Migration and Refugee Assistance (MRA, requested at \$762 million in HA) and International Disaster and Famine Assistance (IDFA, requested at \$298 million) – represent 92% of the HA objective. Along with the President’s Emergency Refugee and Migration Assistance (ERMA) fund, all are centrally managed as contingency accounts in order to maintain sufficient flexibility for funds to be quickly provided during crises to save lives, alleviate human suffering, meet refugee and migration needs, and reduce the economic and social impact of disasters as they occur.

U.S. Government programs providing protection, assistance, and solutions to victims of disaster or persecution, whether armed conflict, natural disasters, or other threats, performed on or above target in five of the seven areas monitored by performance measures. Notably, the FY 2007 performance results related most directly to saving and sustaining lives by measuring global acute malnutrition (GAM) for vulnerable populations were both above target, including those for dispersed populations as well as for those in controlled settings, such as refugee camps. While programs providing emergency food aid and refugee protection performed marginally below target in FY 2007, they nevertheless performed well above the levels achieved in previous years. Performance was on or above target for U.S. Government humanitarian non food-aid assistance reaching targeted individuals and households as well as for refugee admissions to the United States. All eight HA program areas’ targets for 2007 were met, and many were exceeded. Detailed budget and performance information for this objective can be found in Chapter V.

Program Support: Resources budgeted in certain operating units for the Program Support Objective are for general program-funded administrative costs which cover all, or multiple, program objectives such as motor pool costs associated with all operating unit programs. In addition, cross-cutting USAID Administrative Expenses, such as USAID Operating Expenses, are also included in this objective.

Budget and Performance

Under a new initiative launched by the Office of Management and Budget (OMB), the FY 2009 budget request includes the 2007 Foreign Assistance Performance Report and 2009 Performance Plan, found in Chapter V of this volume. A number of federal agencies, including the Department of State and USAID, chose to participate in OMB’s *Pilot Program for Alternative Approaches to Performance and Accountability Reporting*, reconfiguring their annual reporting documents and publishing dates to present more streamlined and timely information that also emphasizes the linkages between budget and performance. In addition to the detailed budget and

performance information found in Chapter V, performance highlights are also included in each of the functional bureau narratives.

Conclusion

Consistent with the Secretary's ongoing commitment to foreign assistance reform, the FY 2009 budget reflects an alignment of resources with U.S. national security and development objectives. As the Secretary committed when she launched the reforms in 2006, both the Department and USAID have strengthened their oversight and stewardship of taxpayer dollars and have enhanced their focus on performance and accountability. They rely on a common Strategic Framework, jointly developed definitions and indicators, and a tailored, common tracking system to account for and evaluate our foreign assistance programs and their impact in achieving our foreign assistance objectives.

The FY 2009 request represents the Administration's best judgment of the resources that are necessary to support U.S. efforts in the war on terror and confront other security challenges, restore the USAID's capacity to manage its increased responsibilities in managing and implementing assistance, redouble efforts to reduce poverty through economic and democratic transformation, respond to humanitarian crises, and promote human development around the world. A significant portion of the Administration's FY 2008 supplemental request is still pending. In addition, the Administration did not include a detailed FY 2009 supplemental request within the Budget. When needs are better known, the Administration will request additional funds for foreign operations, including costs related to supporting freedom in Iraq and building a stable Afghanistan. The Department and USAID look forward to working closely with the Congress to make the best use of taxpayer dollars in support of our shared goal of preserving our national security and fulfilling our moral obligation as Americans to make the world better than it is—not perfect, but significantly better.

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