

## Department of the Treasury

(\$ in thousands)	FY 2007 Actual	FY 2007 Supp	FY 2008 Estimate	FY 2008 Supp	FY 2009 Request
Treasury Technical Assistance	19,800	2,750	20,235	—	29,000
Debt Restructuring	64,350	—	30,054	—	141,000
<b>Total, Department of the Treasury</b>	<b>84,150</b>	<b>2,750</b>	<b>50,289</b>	<b>—</b>	<b>170,000</b>

### Treasury Technical Assistance

The FY 2009 President's Budget requests **\$29.0 million** for the cost of the Department of Treasury's International Affairs Technical Assistance Program, which provides highly experienced financial advisors to reform-minded developing countries, transitional economies, and nations recovering from conflict. The program supports economic policy and financial management reforms, focusing on the functional disciplines of budget, taxation, government debt, financial institutions, and financial enforcement. The \$8.765 million increase over the FY 2008 enacted level is justified by growing evidence of the importance of strong financial sectors and sound public financial management for the achievement of U.S. international policy priorities, and growing need for Treasury technical assistance. Treasury assistance focuses on strengthening the financial and economic management capacity of aid recipient countries. Such capacity is essential for aid recipients to make effective use of foreign assistance, to reduce their vulnerability to economic shocks, terrorist financing and financial crime, and ultimately to eliminate their dependence on aid. This increase in funding will provide Treasury's Technical Assistance the ability to address significant needs in Sub-Saharan Africa, the Greater Middle East, Asia, and Latin America.

### Debt Restructuring

The FY 2009 President's Budget requests funding of **\$141.0 million** for the cost of debt restructuring programs, including bilateral Heavily Indebted Poor Countries initiative (HIPC) debt reduction, the HIPC Trust Fund, and the Tropical Forest Conservation Act (TFCA).

For the poorest countries with unsustainable debt, debt reduction provides an incentive to implement macroeconomic and structural reforms necessary for economic growth and also to free up resources for poverty reduction efforts. For the poorest and most heavily indebted countries, the United States will continue support for the Paris Club of official creditors and provide additional relief complementary to the enhanced HIPC Initiative. The Administration requests a total of \$121 million in funding for the cost of debt restructuring programs including bilateral HIPC and poorest country debt reduction and the HIPC Trust Fund. The United States has pledged a total of \$150 million to meet the additional financing needs of the HIPC Trust Fund consistent with the President's commitment at the 2002 G-8 Summit in Kananaskis, Canada, to fund a share of HIPC financing shortfalls. The United States contributed \$74.6 million towards this pledge in fiscal year 2006.

Twenty million is requested for the Tropical Forest Conservation Act (TFCA) which received strong bipartisan support and was signed into law in 1998. The program allows for reduction of U.S. concessional debt and redirection of payments in local currency in eligible countries to support programs to conserve tropical forests. Funding is needed to cover the costs of TFCA debt agreements in support of tropical forest conservation

## Foreign Military Financing

(\$ in thousands)	FY 2007 Actual	FY 2007 Supp	FY 2008 Estimate *	FY 2008 Supp	FY 2009 Request **
Foreign Military Financing	4,560,800	265,000	4,550,482	—	4,812,000

\* The FY 2008 estimate includes funding designated as emergency funding as described in Section 5 (preceding Division A) of the FY 2008 Consolidated Appropriations Act. \$100 million of emergency funding was appropriated for foreign military financing.

\*\* 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 FY 2009 request for Foreign Military Financing (FMF) furthers U.S. interests around the world by ensuring that coalition partners and friendly foreign governments are equipped and trained to work toward common security goals and share burdens in joint missions. FMF promotes U.S. national security by contributing to regional and global stability, strengthening military support for democratically-elected governments, and containing transnational threats including terrorism and trafficking in narcotics, weapons, and persons. FMF is allocated strategically within regions with the vast majority of funds directed to our sustaining partners and a significant proportion to developing countries to support their advancement to transforming status.

The FY 2009 FMF request includes an increase for assistance to Israel. In addition, the request supports Lebanon and the Gulf states of Bahrain and Oman, in particular, and is consistent with other requirements to fight the War on Terror and secure Middle East peace.

### Highlights:

- The Near East region, to include increased support for Israel; funding for Egypt to foster a modern, well-trained Egyptian military; support for Jordan's force modernization, border surveillance and counterterrorism efforts; and for Bahrain and Oman to support our Gulf Security Dialogue commitment.
- Support Pakistan's military and security forces, to include equipment and training to enhance the counterterrorism capabilities of units operating along the Afghanistan border and provide for Pakistan's other defense needs.
- Ongoing efforts to incorporate the most recent NATO members into the Alliance, support prospective NATO members and coalition partners, and assist critical coalition partners in Iraq and Afghanistan.
- Support the Government of Colombia's efforts to expand control of its national territory, but the focus will shift to the training and maintenance capabilities needed by the Colombian military to sustain its forces and operations. Assistance will also support Colombia's efforts to reform its military establishment.

## Peacekeeping Operations

(\$ in thousands)	FY 2007 Actual	FY 2007 Supp	FY 2008 Estimate *	FY 2008 Supp	FY 2009 Request
Peacekeeping Operations	223,250	230,000	261,381	—	247,200

\* The FY 2008 estimate includes funding designated as emergency funding as described in Section 5 (preceding Division A) of the FY 2008 Consolidated Appropriations Act. \$35 million of emergency funding was appropriated to support peacekeeping operations.

The FY 2009 request in Peacekeeping Operations (PKO) is to advance international support for voluntary multi-national stabilization efforts, including support for international missions that are not supported by the United Nations, and U.S. conflict resolution activities. PKO funding provides security assistance to help diminish and resolve conflict, enhances the ability of states to participate in peacekeeping and stability operations and address counter-terrorism threats, and, in the aftermath of conflict, reforms military establishments into professional military forces with respect for the rule of law.

The FY 2009 PKO request reflects ongoing funding requirements for GPOI, TSCTP, a new counter-terrorism program (EARS) in East Africa, and multi-lateral peacekeeping and regional stability operations, as well as security sector reform programs in Somalia.

### Highlights:

- The President's Global Peace Operations Initiative (GPOI), which is in its fifth and final year in FY 2009. Funding in FY 2009 is intended to train over 15,000 peacekeeping troops to reach the initiative goal of 75,000 peacekeeping troops trained worldwide. GPOI includes the African Contingency Operations Training and Assistance (ACOTA) program and train and equip programs outside of Africa; provides deployment equipment to enable troops to deploy to peace operations; enhances the ability of regional organizations (such as the African Union and Economic Community of West African States) to plan and manage peace operations; and provides transportation and/or logistics support through an international coordination mechanism. Funds will also support a metrics and evaluation team and database to track the progress of the program.
- Completes efforts to transform the Liberian military into a professional two thousand member strong armed force that respects the rule of law and has the capacity to protect Liberia's borders and maintain adequate security in the country. Funds will provide for training, equipment, and infrastructure needs of the new military. The completion of this program will facilitate the departure of the United Nations Mission in Liberia (UNMIL).
- Build and transform the Southern Sudanese military from a guerilla force to a conventional military force. Funds will provide for the construction of divisional headquarters, strategic and operational advisory assistance, unit and individual professional training, communications and other equipment for the new military.
- Support to the African Union-led peacekeeping effort in Somalia (AMISOM), while also transforming the Somali military into a professional armed force capable of maintaining national peace and security as part of a multi-sectoral approach to post-conflict security sector reform.

- Continue the U.S. contribution to the Multinational Force and Observers (MFO) mission in the Sinai.
- Continue support for the Trans-Sahara Counter-terrorism Partnership (TSCTP), a multi-disciplinary initiative designed to counter terrorist threats, promote interoperability, and facilitate coordination between countries. Funds will support training and equipping of counter-terrorist military units in the West and North African regions.
- Initiate the East Africa Regional Security Initiative (EARSI), a multi-disciplinary initiative based upon best practices of the TSCTP. Support will enable training and equipping of counter-terrorist military units in the East Africa region.
- Continue efforts to reform the military in the Democratic Republic of the Congo into a force capable of maintaining peace and security. Support will include advisory assistance, training, equipment, and infrastructure improvement.

## International Military Education and Training

(\$ in thousands)	FY 2007 Actual	FY 2007 Supp	FY 2008 Estimate	FY 2008 Supp	FY 2009 Request
International Military Education and Training	85,877	—	85,181	—	90,500

The International Military Education and Training (IMET) program is a key component of U.S. security assistance, promoting regional stability and defense capabilities through professional military training and education. Through professionalization and technical courses, and specialized instruction, IMET provides students from allied and friendly nations valuable training and education on U.S. military practices and standards, including exposure to democratic values and respect for internationally recognized standards of human rights. IMET serves as an effective means to strengthen military alliances and international coalitions critical to the global fight against terrorism.

### Highlights:

- Europe – IMET programs enhance regional security and integration among U.S., NATO, and European armed forces. The largest programs belong to Turkey, Poland, Ukraine, and the Czech Republic.
- Near East – IMET programs focus on Jordan, Iraq, Egypt, Morocco, Tunisia, Lebanon, and Oman, providing the technical training necessary to maintain U.S.-origin equipment and increasing awareness of international norms of human rights and civilian control of the military.
- Africa – IMET programs focus on Ethiopia, Kenya, Nigeria, Senegal, and South Africa --states critical to long term regional peace and stability.
- South and Central Asia – IMET includes major programs in Pakistan and India and support for the training of the Afghan National Army.
- Western Hemisphere – IMET programs focus on professionalizing the defense forces to respond to regional security challenges to include El Salvador, Colombia, and Mexico.
- East Asia and the Pacific – IMET programs focus on professionalizing the defense forces of regional partners and developing their skills in fighting the war on terror. Priority recipients will include the Philippines, Indonesia, and Thailand, upon expected return to democratic governance.

## Multilateral Economic Assistance

(\$ in thousands)	FY 2007 Actual	FY 2007 Supp	FY 2008 Estimate	FY 2008 Supp	FY 2009 Request
<b>International Financial Institutions</b>					
International Development Association <sup>1</sup>	940,500	—	942,305	—	1,277,000
Multilateral Investment Guarantee Agency	—	—	—	—	—
Global Environment Facility	79,200	—	81,101	—	80,000
An international clean technology fund	—	—	—	—	400,000
Asian Development Fund	99,000	—	74,544	—	115,250
African Development Fund	134,343	—	134,585	—	156,055
African Development Bank	3,602	—	2,021	—	—
European Bank for Reconstruction and Development	—	—	10	—	—
Enterprise for the Americas Multilateral Investment Fund	1,724	—	24,798	—	25,000
Inter-American Investment Corporation	—	—	—	—	—
International Fund for Agricultural Development	14,850	—	17,926	—	18,000
<b>Total, Multilateral Economic Assistance</b>	<b>1,273,219</b>	<b>—</b>	<b>1,277,289</b>	<b>—</b>	<b>2,071,305</b>

<sup>1</sup> FY 2007 P.L. 110-5 rescinded \$31.5 million of the \$188.1 million in FY 2006 unobligated funds.

## **International Financial Institutions (IFIs)**

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

The FY 2009 request for the IFIs of \$2.071 billion is comprised of \$1.629 billion for scheduled annual commitments to the IFIs and \$42.0 million to pay a portion of outstanding U.S. arrears to IDA. The budget also includes \$400.0 million as a first installment of a three year \$2 billion commitment to a new international clean technology fund.

Through U.S. leadership in the IFIs – including the recent International Development Association (IDA) and African Development Fund (AfDF) replenishments – key policy reforms were initiated, reinforced and extended in the international financial institutions. These reforms include:

- Increased grant financing for the poorest countries at IDA, the AfDF, AsDF and other MDBs;
- Adoption of a debt sustainability framework to provide increased grant resources for the poorest countries and to help break the lend-and-forgive cycle of development assistance;
- Development of robust results-based management systems to incorporate measurable performance goals and demonstrate positive results on the ground;
- Improvement of performance based allocation systems to maintain the centrality of performance in the distribution of resources; and
- Increased efforts to promote greater transparency and combat corruption at institutional, project, country and regional levels.
- Improved operational framework for engagement in fragile and post-conflict countries like Afghanistan and Liberia and creation of a comprehensive arrears clearance framework for IDA countries in arrears.

**IDA15:** The request includes \$1.235 billion for the first installment of the U.S. three-year pledge of \$3.7 billion to IDA15, a 30 percent increase over U.S. contributions to the previous two replenishments, and a strong demonstration of U.S. support for helping the poorest countries achieve the economic growth necessary for reducing poverty. Half of the \$41.6 billion in IDA15 resources will go to Africa. The request also includes \$42.0 million to cover a portion of outstanding U.S. arrears to IDA. The United States accomplished its major policy objectives in the IDA15 negotiations, including: more effective engagement in fragile states such as Afghanistan and Liberia; improving results measurement of projects and using this information as a management tool; and strengthening debt sustainability in debt relief countries. The IDA15 (and AfDF11) requests also include funding necessary to meet U.S. commitments to fund its share of Multilateral Debt Relief Initiative (MDRI) costs.

**AfDF11:** The request includes \$156.1 million for the first installment of the U.S. three-year pledge of \$468.2 million to AfDF11, a 15 percent increase over the last replenishment. Donors agreed to a total replenishment of \$8.9 billion over 2008-2010, a 52% increase over AfDF10. U.S. leadership secured key objectives in the replenishment agreement and, as a result, the AfDF is well positioned to demonstrate and deliver positive results on the ground, with more effective engagement and support for fragile states and regional projects (including critical infrastructure), while maintaining the centrality of country performance in the allocation of concessional loan and grants resources.

**International clean technology fund:** The \$400 million request is for the first payment that the United States, as a lead donor, will contribute to a new multilateral fund that will address the growing problem of accelerating greenhouse gas emissions in major developing countries. The fund will help ensure that developing countries deploy clean technology by helping to finance the additional cost of clean investments. The fund has three major objectives: first, to reduce emissions growth in major developing countries through faster deployment of clean technologies; second, to stimulate and leverage private sector investment in existing clean technologies; and third, to encourage developing countries to pursue environmentally sound policies to reduce greenhouse gas emissions.



## International Organizations and Programs

(\$ in thousands)	FY 2007 Actual*	FY 2007 Supp	FY 2008 Estimate	FY 2008 Supp	FY 2009 Request
International Organizations and Programs	303,888	—	316,897	—	276,900

\* The FY 2007 appropriation totaled \$326,163. \$22,275 was reprogrammed to Child Survival and Health.

The FY 2009 request for voluntarily funded International Organizations and Programs (IO&P) will advance U.S. strategic goals by supporting and enhancing international consultation and coordination. This approach is required in transnational areas such as protecting the ozone layer or safeguarding international air traffic, where solutions to problems can best be addressed globally. In other areas, such as in development programs, the United States can multiply the influence and effectiveness of its contributions through support for international programs.

### PEACE & SECURITY

**International Civil Aviation Organization (ICAO)** (\$950,000): The United States promotes worldwide civil aviation security through its voluntary contributions to ICAO. ICAO's Universal Security Audit Program (USAP), begun in November 2002, evaluates the security of national civil aviation systems and, where warranted, individual airports, carriers, and aircraft.

**International Maritime Organization (IMO)** (\$400,000): To maintain its national security, the United States must be able to deny potential adversaries the ability to mount attacks against the United States from the sea. U.S. contributions to IMO security programs support Long Range Identification and Tracking, Container Security, International Shipping and Port Facility, and Countering Piracy.

### GOVERNING JUSTLY & DEMOCRATICALLY

**United Nations Democracy Fund (UNDF)** (\$14 million): The U.S. believes that the United Nations should assume a more important role in promoting democracy around the world. The UN Democracy Fund, proposed by President Bush in 2004, is an initiative to support pro-democracy forces and activities in countries transitioning to democracy in order to effect broad change in dynamic ways under the UN framework. The Fund, which is financed through voluntary contributions, increases cooperation among democratic countries to support new and transitional democracies, human rights and fundamental freedoms. In August 2006, the Advisory Board approved its first set of grants totaling US\$ 36 million to 125 projects in 75 countries around the world. The approved programs focus on civic education, voter registration, access to information and democratic dialogue, among other issues.

**The United Nations Fund for Victims of Torture** (\$5 million): The Fund supports 167 projects worldwide to help victims of torture cope with the after-effects of the trauma they experienced, reclaim their dignity, and become reintegrated into society. The Fund distributes voluntary contributions received from governments, NGOs, and individuals to organizations providing psychological, medical, social, legal, and financial assistance to victims of torture and members of their families.

**United Nations Voluntary Fund for Technical Cooperation in the Field of Human Rights** (\$1.4 million): The Fund supports the activities of the Office of the High Commissioner for Human Rights

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

**OAS Fund for Strengthening Democracy** (\$2.5 million): The Fund provides readily available capital for essential democracy projects where even small sums can make a big difference. Of those activities the USG elects to support through the Democracy Fund, U.S. involvement represents approximately 70% of total funding for each project. The FY 2009 funding requested is needed to promote OAS democracy programs for the long-term process to defend and consolidate representative democracy. The electoral observation and technical assistance missions are critical to maintaining multilateral influence in that most basic of democratic institutions, the ballot box.

### INVESTING IN PEOPLE

**The United Nations Children's Fund (UNICEF)** (124.5 million): UNICEF acts as a global champion for children and strives to ensure the survival and well being of children throughout the world. The request funds core funding for UNICEF.

### ECONOMIC GROWTH

**International Development Law Organization (IDLO)** (\$300,000): IDLO promotes the rule of law and good governance by providing training to legal practitioners in developing countries, technical assistance to governments in their legal reform efforts, and continuing education to legal professionals. IDLO helps build and sustain democratic, well-governed states that will respond to the needs of their people and conduct themselves responsibly in the international system.

**Organization of American States (OAS) Development Assistance Program** (\$5 million): This program focuses on projects that strengthen the competitiveness of micro, small- and medium-size enterprises and foster the development of the private sector. The amount requested will enable the OAS to meet its Summit of the Americas mandates in trade, labor, sustainable development and the environment, education, science and technology, culture, tourism, natural disaster mitigation and rural development. Voluntary contributions from IO&P are pivotal in "capitalizing" the OAS Development Fund to seed and strengthen programs that have regional impact, leveraging several dollars from other donors for every \$1 in U.S. contributions.

**World Trade Organization (WTO) Global Trust Fund** (\$950,000): The Fund offers an opportunity to demonstrate the concrete commitment of the USG to trade liberalization by supporting developing countries' efforts to actively engage in WTO trade negotiations. This contribution to the global trust fund will continue to demonstrate the U.S. commitment to open trade, with a special focus on advancing trade in developing nations.

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

**United Nations Development Fund for Women (UNIFEM) (\$950,000):** UNIFEM works in political, economic, and social interventions in partnership with local individual advisors and organizations in over 65 countries.

**International Conservation Programs (\$5.9 million):** U.S. contributions to international conservation programs help promote the conservation of economically and ecologically vital natural resources and combat illegal activities, including wildlife trafficking and illegal logging and associated trade. Our contributions facilitate policy approaches and technical expertise and leverage significant contributions from other donors. Programs supported under this contribution include the: Coalition Against Wildlife Trafficking, Convention on International Trade in Endangered Species of Wild Flora and Fauna, International Tropical Timber Organization, National Forest Program Facility hosted by the Food and Agriculture Organization of the United Nations, Ramsar Convention on Wetlands of International Importance, United Nations Convention to Combat Desertification, United Nations Forum on Forests, and World Conservation Union, as well as efforts related to the Montreal Process Working Group on Criteria and Indicators for the Conservation and Sustainable Management of Temperate and Boreal Forests, and the World Bank multi-donor Program for Forestry.

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

**United Nations Environment Program (UNEP) (\$9.5 million):** UNEP is the lead United Nations agency for environmental issues. It plays a leading role in developing international agreements and national environmental instruments, and also assesses global, regional, and national environmental capacity building conditions. UNEP provides funding support to the Secretariats of six international agreements: the Montreal Protocol, Basel Convention, Cartagena Convention, Biodiversity Convention, SPREP Convention, and the Vienna Convention.

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

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

**The World Meteorological Organization (WMO) Voluntary Cooperation Program (VCP) (\$1.9 million):** The VCP supports international cooperation on hurricane forecasting; improvements to the Global Telecommunications System, which is used to transmit disaster warnings to national and local users; and capacity-building programs, particularly in the Americas. The U.S. VCP contribution also

yields economic benefits to the United States by enhancing weather data exchange and improving forecasts used by, inter alia, the agricultural, shipping, and defense sectors.

#### HUMANITARIAN ASSISTANCE

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

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