

OTHER BILATERAL ECONOMIC ASSISTANCE

Economic Support Fund
Assistance for East Europe and the Baltic States
Assistance for the Independent States of the Former Soviet Union

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Economic Support Fund
(\$ in thousands)

Account	FY 2000 Actual	FY 2001 Estimate	FY 2002 Request
ESF	2,792,187	2,314,896	2,289,000

National Interests:

The Economic Support Fund (ESF) addresses economic and political foreign policy interests of the United States by providing assistance to allies and countries in transition to democracy, supporting the Middle East peace process, and financing economic stabilization programs, frequently in a multi-donor context. The U.S. Agency for International Development (USAID), with overall foreign policy guidance from the Department of State, implements most ESF-funded programs. ESF furthers our foreign policy interests by:

Increasing the role of the private sector in the economy, reducing government controls over markets, enhancing job creation, and improving economic growth.

Assisting in the development of effective and accessible, independent legal systems operating under the rule of law, as measured by an increase in the use of the courts to decide allegations of human rights abuses or abuses of government authority.

Developing and strengthening institutions necessary for sustainable democracy through support for the transformation of the public sector, including assistance and training to improve public administration, promote decentralization, and strengthen local governments, parliaments, independent media and non-governmental organizations.

Assisting in the transition to transparent and accountable governance and the empowerment of citizens, working through their civic and economic organizations and democratic political processes that ensure broad-based participation in political and economic life, and respect for human rights and fundamental freedoms.

Strengthening capacity to manage the human dimension of the transition to democracy and a market economy, and to help sustain the neediest sectors of the population during the transition period.

Objectives & Justification:

ESF is used to address a full range of problems through an integrated strategy, including balance of payments and other economic support measures designed to create employment and conditions conducive to international investment and trade, and through support for programs that nurture democratic institutions and a vibrant civil society. In other parts of the world, economic dislocation and political strife continue to place great strains on many countries. Depending on the recipient country's economic situation, balance of payments or budgetary support may create leverage to bring about the adoption of more rational economic and fiscal policies required to sustained economic growth. However, in the short term, measures to create more rational and

efficient economic structures and practices often exacerbate social and political tensions unless buffered by external assistance. In these circumstances, ESF can help to prevent or diminish economic and political dislocation that may threaten the security of key friends and allies.

The largest share of the FY 2002 ESF request remains focused on supporting Middle East peace through programs that foster economic stability and development in Israel, Egypt and other Arab countries pledged to support the peace process. ESF is also requested to support: peace and reconciliation in Ireland and Cyprus; democratic institution building and economic growth in the Western Hemisphere and Caribbean; rebuilding democratic institutions and programs that support African integration into the global economy and conflict management on the continent; democratic and economic strengthening in Indonesia and East Timor; programs that promote rule of law and address the growing problems of trafficking and forced labor of women and children in South Asia; and programs that can quickly respond to prevent or forestall human rights abuses and exploit unanticipated opportunities to promote democracy.

Further detailed justification for the proposed programs are found in the "Country and Regional Programs" section.

Economic Support Fund

(\$ in Thousands)

Country	FY 2000 Actual	FY 2001 Estimate	FY 2002 Request
Africa			
Africa Regional Democracy Fund	6,000	13,951	15,000
Angola	-	3,986	2,000
Countries in Transition	10,000	15,945	20,000
Education for Development and Democracy	10,000	14,947	15,000
Ethiopia/Eritrea	-	-	2,500
Great Lakes Justice Initiative	10,000	9,966	10,000
Nigeria	20,000	24,914	25,000
Organization of African Unity	-	997	-
Presidential Economic Growth Opportunity	2,000	1,993	-
Regional Organizations	-	997	4,000
SADC Initiative	1,000	997	-
Safe Skies	2,000	1,993	3,000
Sierra Leone	1,500	-	9,000
Subtotal - Africa	62,500	90,686	105,500
East Asia & the Pacific			
Accelerating Economic Recovery in Asia	5,000	4,982	5,000
Burma	3,500	3,488	3,500
Cambodia	10,000	14,948	25,000
China Rule of Law	-	-	5,000
Chinese Compensation	-	28,000	-
East Asia and Pacific Environmental Initiative	3,500	3,488	4,000
East Timor	25,550	24,914	25,000
Indonesia	22,450	49,828	50,000
Mongolia	6,000	11,959	12,000
Philippines	-	3,986	15,000
Regional Democracy	3,000	5,882	6,000
Regional Security Fund	250	249	250
Regional Women's Issues	2,500	2,990	5,000
South Pacific Fisheries	14,000	13,952	14,000

Economic Support Fund
(\$ in Thousands)

Country	FY 2000 Actual	FY 2001 Estimate	FY 2002 Request
Subtotal - East Asia & the Pacific	95,750	168,666	169,750
Europe			
Cyprus	14,950	14,948	15,000
EUR Regional	21,139	-	-
International Fund for Ireland	19,525	24,914	19,600
Irish Visa Program	4,000	4,983	5,000
Subtotal - Europe	59,614	44,845	39,600
Near East			
Egypt	727,267	692,603	655,000
Iraq Opposition	10,000	24,914	25,000
Israel	949,056	840,000	720,000
Jordan	149,500	149,483	150,000
Jordan - Wye Supplemental	50,000	-	-
Lebanon	15,000	34,879	32,000
Middle East Democracy	6,000	3,986	7,000
Middle East Fact Finding	1,200	2,790	-
Middle East Multilaterals	2,800	2,990	3,000
Middle East Regional Cooperation	10,000	4,983	5,000
US - North Africa Partnership	5,000	3,986	5,000
West Bank/Gaza	85,000	84,707	75,000
West Bank/Gaza - Wye Supplemental	400,000	-	-
Yemen	-	3,986	5,000
Subtotal - Near East	2,410,823	1,849,307	1,682,000
South Asia			
Bangladesh	-	-	3,000
India	-	4,983	7,000
Nepal	-	-	3,000
Pakistan	-	-	7,000
South Asia Democracy	8,000	4,983	-
South Asia Energy and Environment	-	3,488	-
South Asia Regional Funds	3,000	-	7,000

Economic Support Fund

(\$ in Thousands)

Country	FY 2000 Actual	FY 2001 Estimate	FY 2002 Request
South Asia Regional Stability Fund	-	997	-
Sri Lanka/Maldives	-	-	3,000
Women and Children Support Fund	-	4,484	-
Subtotal - South Asia	11,000	18,935	30,000
Western Hemisphere			
Administration of Justice/ICITAP	6,500	6,976	10,000
Andean Regional Initiative	-	-	54,500
Bolivia	-	-	10,000
Ecuador	-	-	30,000
Panama	-	-	4,000
Peru	-	-	10,000
Venezuela	-	-	500
Bolivia	-	1,993	-
Centers for Educational Excellence	-	-	7,000
Colombia	4,000	-	-
Cuba	3,500	4,982	5,000
Dominican Republic	3,000	3,488	2,000
Eastern Caribbean	7,000	6,975	11,000
Ecuador	1,500	5,481	-
El Salvador	4,950	4,982	21,000
Guatemala	20,000	13,951	10,000
Haiti	52,550	46,835	35,000
Honduras	-	996	1,000
Jamaica	1,200	1,495	1,000
Mexico	2,000	6,178	10,000
Nicaragua	-	1,495	1,500
Panama	1,000	996	-
Paraguay	1,000	3,488	3,500
Peru	4,000	2,200	-
Peru/Ecuador Peace	11,000	6,975	5,000
Venezuela	500	-	-
W. Hemisphere Regional Democracy	800	598	-

Economic Support Fund

(\$ in Thousands)

Country	FY 2000 Actual	FY 2001 Estimate	FY 2002 Request
Subtotal - Western Hemisphere	124,500	120,084	177,500
Global			
Holocaust Victims Fund	11,000	-	-
Human Rights and Democracy Funds	9,000	13,404	13,500
Oceans, Environmental and Science Initiative	4,000	4,983	4,000
Partnership to Eliminate Sweatshops	4,000	3,986	5,000
Policy Initiatives	-	-	62,150
Subtotal - Global	28,000	22,373	84,650
Total	2,792,187	2,314,896	2,289,000

Assistance for Eastern Europe and the Baltic States
(\$ in Thousands)

Account	FY 2000 Actual	FY 2001 Estimate	FY 2002 Request
SEED	582,970	674,338	610,000

National Interests:

Since 1989, the Support for East European Democracy (SEED) Act has promoted important U.S. national interests and strategic goals in North Central and South Central Europe. With the graduation of the northern tier countries, the program has shifted its focus southward. This region retains the ability to pull in U.S. allies and ultimately the U.S. to uphold vital interests, as the conflict in Bosnia-Herzegovina (Bosnia) and Kosovo and more recent insurgencies in southern Serbia and Macedonia demonstrate. SEED assistance provides a proactive defense by funding important peace implementation programs, which have laid the foundation for longer-term solutions through the rise of democratic institutions and market economies. SEED does this by supporting innovative models, technical assistance and training to facilitate reform and transition. SEED funding promotes broad-based economic growth in the transitional countries of Central Europe and increases adherence to democratic practices and respect for human rights. Many of these countries have made important progress toward achieving the goals of the SEED program: building a market economy with a strong private sector, consolidating democracy, and improving the quality of life for citizens. Croatia and the Federal Republic of Yugoslavia (FRY) made dramatic moves in this direction last year, supported by SEED assistance.

SEED programs help ensure that local and regional instability -- particularly in South Central Europe -- does not threaten the security and well being of the United States and its allies. A peaceful, democratic and economically strong Central Europe gives the United States and the Atlantic Alliance substantially greater assurance of security at a lower cost. SEED programs also minimize the human price of conflict, contribute to the protection of human health, help secure a sustainable global environment, and promote U.S. exports. Central Europe is a growing market for U.S. goods and services, as well as a gateway to the vast potential markets in Russia and Ukraine.

While the SEED program has built a solid record of accomplishment, much remains to be done. Two groups of countries in South Central Europe continue to need substantial U.S. assistance. The first group is comprised of countries and regions whose economic and political transition has been delayed by hostilities. This group includes Bosnia, Croatia, Kosovo, and, more recently, the Former Yugoslav Republic of Macedonia (FYROM) and the FRY. The aftermath of the 1999 conflict in Kosovo and the ongoing instability in southern Serbia and northern Macedonia calls for intensive U.S. assistance and leadership to establish and maintain security, promote inter-ethnic dialogue, address humanitarian needs, and strengthen democratic forces. We need to insure our investment in Croatia and the FRY by helping democratically elected governments cement their success. Bosnia remains a difficult challenge, given the severe physical and human damage caused by the war and the extreme hatred and distrusts it generated. Nevertheless, we have seen progress in minority returns, the rise of moderate parties and the arrival of foreign banks. The United States continues to exercise leadership through both its SEED Act assistance and military presence to ensure the Dayton Peace Accords are implemented.

The second group contains the neighboring countries of Albania, Bulgaria, and Romania. All suffered debilitating economic and/or political crises as a result of the 1999 Kosovo conflict, which have challenged political, economic and social stability. SEED is helping these countries deal with these crises and move forward in their transitions.

Objectives & Justification:

Objectives of the SEED program for FY 2002 include:

To support the Federal Republic of Yugoslavia as it overcomes a decade of political oppression and economic mismanagement. The country needs to solidify the democratic gains in Belgrade, improve the effectiveness and accountability of local government; strengthen public awareness of rule of law issues and respect for minority rights; and help the government develop and implement a comprehensive program for economic, political and administrative reform. U.S. assistance will continue to advance the process of democratization in Montenegro through support for economic reform and development of the private sector.

To stabilize and transform Kosovo into an economically viable, democratically self-governing territory through the support of UNMIK, the development of legitimate institutions of local self-government, the training and equipping of the Kosovo police, and the development of an effective justice system and respect for minority rights.

To implement the Dayton Peace Agreement in Bosnia, continuing to support the return of minorities, enhancing the voices of the moderate political leaders while supporting economic reform aimed at greater privatization and legal and regulatory reform.

To work with the reform-minded, democratic government of Croatia as it undertakes economic reform, consolidates democracy, and fully implements refugee return programs in order to rapidly move Croatia toward integration with the West.

To foster FYROM efforts to bring the benefits of economic and political reforms to all its citizens.

To stabilize, transform, and integrate the countries of Southeast Europe into Transatlantic institutions, through the development of greater intra-regional ties under the aegis of programs such as the Stability Pact for Southeast Europe.

To provide limited SEED assistance to Northern Tier countries to preserve progress in democratic and economic reforms, provide targeted economic assistance for countries in fiscal crisis, and to help empower the strongest countries in Central and Eastern Europe to assist their neighbors in Southeast Europe and the former Soviet Union.

SEED assistance supports U.S. security, democracy, commercial, and human rights interests in North Central and South Central Europe. FY 2002 SEED assistance will also:

Enhance security on the ground for U.S. peacekeeping troops in Kosovo and Bosnia;

Speed up the stabilization process in the countries of the former Yugoslavia, allowing faster withdrawal of U.S. forces;

Help prevent possible further outbreaks of armed conflict;

Improve internal security and rule of law, reducing the influence of organized crime and corruption;

Improve the investment climate and help open new markets for American business;

Improve the lives of citizens in the region through more effective government, improved social services, and a cleaner environment.

See individual country and regional program papers for detailed program justifications.

Assistance for Eastern Europe and the Baltic States

(\$ in thousands)

Country	FY 2000 Actual	FY 2001 Estimate	FY 2002 Request
Albania	32,000	35,123	35,000
Bosnia and Herzegovina	100,000	79,824	65,000
Bulgaria	32,000	35,123	35,000
Croatia	36,200	44,527	45,000
Federal Republic of Yugoslavia	67,500	172,120	145,000
Kosovo	164,800	149,670	120,000
Macedonia	30,000	32,927	45,000
Regional SEED	85,470	86,609	82,000
Romania	35,000	38,415	38,000
Total	582,970	674,338	610,000

Assistance for the Independent States
(\$ in thousands)

Account	FY 2000 Actual	FY 2001 Estimate	FY 2002 Request
FSA/NIS	835,812	808,218	808,000

National Interests:

Events in the New Independent States (NIS) greatly influence U.S. and global security. The sheer size of the NIS region, its borders with key countries in Europe, the Middle East, South Asia, and East Asia, proliferation concerns, and the region's capacity to produce critical energy supplies mean that the U.S. has a vital national interest in seeing the NIS become stable, democratic and prosperous nations. The United States also has strong national security interests in preventing the proliferation of weapons of mass destruction, delivery systems, and weapons technology and expertise from the former Soviet arsenal.

Stability and prosperity in the region will only be possible if the New Independent States successfully complete the transition they began in 1991 from totalitarianism and centrally planned economies to democratic governance and market-based economies. The assistance programs funded under the FREEDOM Support Act (FSA) are aimed at facilitating this transition by supporting emerging democratic organizations and market institutions and by helping the NIS develop the legal and political infrastructure common to democratic, market-based countries. FSA assistance also helps prevent the proliferation of weapons of mass destruction, related technology and expertise, and combats transnational threats such as drug trafficking and organized crime.

Objectives & Justification:

Because the transition of the NIS into democratic states with market-based economies will occur unevenly and over a long period of time, U.S. assistance programs are based on two principles: first, a balance between programs that address immediate threats and programs that promote lasting, generational change; and second, selective engagement based on willingness to reform.

To engage effectively with the NIS, there is an urgent need to continue humanitarian and nonproliferation programs to address the suffering caused by regional conflicts and poverty and the illicit trafficking in weapons and weapons technology. At the same time, the United States must continue to invest in long-term political and economic reform through exchanges, support for NGOs, the free media, and Internet access, and through support for private enterprise, especially small business, and training for entrepreneurs.

In providing technical assistance, we will continue to distinguish between countries and sectors that are more open to reform and those that remain resistant or hostile. The trend will continue to move away from assistance to central governments and towards the grassroots. Assistance to central governments only makes sense when these governments are committed to make good use of it. In countries where the commitment to reform is genuine, similar programs will continue in FY 2002. In countries where no such commitment exists, programs will target

activities deemed important to U.S. national security, and grassroots programs that focus on the next generation, NGOs and the private sector.

The broad objectives of FREEDOM Support Act assistance to the NIS in FY 2002 are:

To help the NIS establish open and competitive market economies and, in the process, expand opportunities for U.S. trade and investment;

To promote the development of democratic institutions, the rule of law, and civil society;

To enhance security through cooperative nonproliferation efforts;

To further enhance security through support for efforts to resolve regional conflicts, especially in the Caucasus; and

To ease the human costs of transition through humanitarian aid and a focus on the social sector.

More specific objectives in FY 2002 will include:

Advancing the peaceful resolution of violent conflicts by support for peace efforts, regional integration and reconstruction projects;

Fostering the development of civil society, strengthening the rule of law, and promoting transparency at all levels of government by supporting NGOs, the independent media and law enforcement;

Supporting regions within individual NIS in their efforts to institute local reform policies that can serve as models of successful reform and influence other regions and, ultimately, national policies;

Bolstering private enterprise, especially small business, through training and increased availability of credit;

Helping national governments that show a commitment to reform and to building the legal and institutional infrastructure of free-market democracies;

Changing mindsets among NIS citizens, especially the next generation, through exchanges and partnerships that expose them to Western societies and practices;

Opening these societies to multiple sources of information through support for independent media and Internet access;

Fighting the spread of infectious diseases such as TB and HIV/AIDS, and trying to improve child and maternal health;

Providing former Soviet weapons scientists with alternative, peaceful civilian research opportunities;

Enhancing the New Independent States' capability to deter, detect and interdict illicit transfers of weapons of mass destruction; and

Facilitating the relocation of Russian troops and the destruction or removal of munitions currently in the other NIS.

Assistance for the Independent States of the Former Soviet Union
(\$ in thousands)

Country	FY 2000 Actual	FY 2001 Estimate	FY 2002 Request
Armenia	102,550	89,802	70,000
Azerbaijan	31,968	34,250	50,000
Belarus	8,489	10,000	11,000
Georgia	108,533	91,798	90,000
Kazakhstan	44,826	44,596	44,000
Kyrgyzstan	30,064	30,355	28,000
Moldova	50,436	43,710	44,000
Regional FSA	61,998	85,237	96,500
Russia	186,631	167,845	167,000
Tajikistan	9,926	11,230	11,000
Turkmenistan	6,195	6,200	5,500
Ukraine	174,154	169,630	169,000
Uzbekistan	20,042	23,565	22,000
Total	835,812	808,218	808,000

INDEPENDENT AGENCY

Peace Corps
Inter-American Foundation
African Development Foundation

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Peace Corps
(\$ in thousands)

Account	FY 2000 Actual	FY 2001 Estimate	FY 2002 Request
Peace Corps	244,069	264,417	275,000

National Interests:

The Peace Corps was established 40 years ago to promote international peace and friendship through the service abroad of American Volunteers. It has since emerged as a model of citizen service on an international scale and of practical assistance to people in developing countries. More than 166,000 Americans from every background have served in the Peace Corps in 135 countries. Volunteers contribute to the social and economic development of interested countries; promote a better understanding of Americans among the people Volunteers serve; and strengthen Americans' understanding about the world and its peoples.

Objectives & Justification:

The Peace Corps fulfills its mission by making it possible for American citizens to serve as Volunteers in developing countries and participate in the development efforts of their host communities. The people-centered focus of the Peace Corps, and its separation from the formal conduct of the foreign policy of the United States, has allowed Volunteers to establish a record of service that is respected and recognized globally. Nevertheless, Peace Corps projects support the U.S. foreign policy goals of promoting economic growth in developing and transitional economies, securing a sustainable global environment, protecting human health and reducing the spread of disease, and providing humanitarian assistance in response to crises. Peace Corps also supports other important national goals, such as: preparing America's work force with overseas experience, educating young Americans about other countries and cultures through Peace Corps' Coverdell World Wise Schools and Peace Corps Fellows programs, and encouraging service and volunteerism among the American people.

The men and women who serve overseas as Peace Corps Volunteers reflect the rich diversity of our country, but they share a common spirit of service, dedication, and idealism. For two years, they pursue a life that requires determination, self-motivation, patience, and sacrifice. They often live in remote, isolated communities. Volunteers receive intensive language and cross-cultural training in order to become part of their host community. They work with teachers and parents to improve the quality of, and access to, education for children. They work on basic projects to keep families healthy and to help them grow more food. Their larger purpose, however, is to leave behind skills that allow people in developing countries to take charge of their own futures. At the same time, Volunteers learn as much, if not more, from the people they serve. When they complete their service in the Peace Corps, Volunteers bring the world back home and strengthen America's understanding of different countries and cultures.

The Peace Corps' budget request for FY 2002 is \$275,000,000, an increase of \$10,583,000 over the \$264,417,000 provided to the Peace Corps in FY 2001. The FY 2002 request will enable

the Peace Corps to continue its current program and will provide additional funds to support on-going costs related to safety and security needs and technology infrastructure improvements.

The Peace Corps' FY 2002 request includes the following: (1) additional funds for volunteer safety and security upgrades communications capabilities, provides for additional guard services, and supports the hiring of three new Regional Safety Officers (\$3,113 thousand); (2) continue the technology infrastructure improvements and conversion from Macintosh to PC-based systems for Peace Corps' overseas posts (\$1,576 thousand) and additional anticipated costs associated with the implementation of the new financial management system (\$747 thousand); and (3) costs related to second year support costs for the Volunteer increases experienced in FY 2001 (\$1,496 thousand) and FY 2002 cost increases related to inflation and salary increases (\$3,651 thousand).

The following areas are priorities for the Peace Corps for FY 2002:

(1) Volunteer Safety and Security - The safety and security of our Volunteers are the Peace Corps' highest priority. Volunteers working under difficult circumstances in remote areas of the world need the assurance that they will be able to perform their assignments without undue risks to their safety and security. The Agency has taken significant steps over the past few years by means of supplemental funding to ensure the requisite support and training to carry out their work. Specific efforts include greater attention to the identification of Volunteer sites; upgraded communications systems to enhance safety; updating emergency action plans at each post and regular testing; hiring of three Safety and Security Officers to support posts and; providing safety reviews and training components. The Peace Corps has also provided additional guard protection and physical security enhancements at overseas posts. The Agency will also continue to explore opportunities to strengthen our efforts and systems in this area including peer support networks and increased capability to provide adjustment and mental health support. Since most of these enhancements were funded by means of supplemental appropriations, the Peace Corps will be required to absorb these on-going needs within its current operations.

(2) Identifying New Programs, Graduations and Right-sizing of Programs - Consistent with the global nature of its mission, the Peace Corps maintains a broad international presence in seeking to provide as many opportunities as possible for Americans to serve overseas. It is also faced with the changing realities of political, economic and social development within the countries served. Given these realities, the Peace Corps utilizes its annual internal strategic planning process to assess its global presence in order to ensure that Volunteers are able to respond effectively to the development needs of host countries. In FY 2001 this process resulted in the opening of a new Peace Corps program in the Republic of Georgia and a re-opening of the program in Uganda. The Peace Corps will close programs in Poland in FY 2001 and the Slovak Republic, Latvia, Estonia and Lithuania by the end of FY 2002. The process of assessing country entries and departures is further compounded by the need to determine whether the Peace Corps has an appropriate Volunteer presence in each country given the changing circumstances encountered at each post. Thus, the number of Volunteers viewed as necessary and appropriate during phases of development may change as a country's priorities evolve. These assessments result in an informed means for managing new country entries and graduations as well as the internal re-allocation of Volunteer resources to meet changing needs.

(3) Strengthening Business Support Systems - Peace Corps utilizes a composite of functions and processes in its essential operations. Business processes such as recruiting and delivering Volunteers; recruiting, hiring and training staff in domestic and overseas offices; providing management oversight; financial management and support; technology infrastructure and support; and communications across the Agency are examples of these functions. FY 2002 will be a critical year to focus upon these business infrastructure systems to ensure that our business operations are sound and efficient. Key means and strategies for beginning to accomplish this challenge in FY 2002 include: the first phase of implementation of a new financial management system that will meet the needs of the Peace Corps in the coming years; initiating the Agency's conversion from Macintosh to Windows computers at overseas posts; developing standards, policies and guidelines to simplify the management and security of overseas information technology systems; modifying the means and strategies by which Volunteers are recruited and placed by taking greater advantage of improved information technology capabilities; and enhancing customer service to internal and external clients of the Peace Corps.

All of these efforts will allow for greater management capability and oversight over existing operations.

Inter-American Foundation
(\$ in thousands)

Account	FY 2000 Actual	FY 2001 Estimate	FY 2002 Request
DA	4,981	11,974	12,108

National Interests:

The Inter-American Foundation, an independent agency of the United States Government, was created in 1969 as an experimental United States foreign assistance program. The Inter-American Foundation works in Latin America and the Caribbean to promote equitable, responsive, and participatory self-help development by awarding grants directly to local organizations throughout the region. The Inter-American Foundation stimulates economic and democratic development at the grassroots level throughout Latin America and the Caribbean.

The Foundation seeks to develop new strategies, partnerships, and mechanisms to increase its role as a development innovator and to disseminate results and lessons learned for the benefit of other donors, such as the United States Agency for International Development (USAID), the World Bank, the Inter-American Development Bank, private foundations and non-governmental organizations (NGOs). By doing so, the interests of the United States are furthered through the promotion of democratic principles and economic development at the grassroots level.

Objectives & Justification:

In FY 2002, the Inter-American Foundation will continue to use its grant-making program to be an effective catalyst and leader in the promotion and support of innovative local partnerships that involve NGOs, municipal governments, and the private sector working together to mobilize and focus resources on improving economic and social conditions in their communities. This approach to development will strengthen democratic processes and civil society by encouraging the active participation of local governmental, non-governmental, and business entities in joint efforts to solve common problems. By promoting and demonstrating the value of collaboration among the governmental, non-governmental, and business sectors to address local priority development needs, the Inter-American Foundation will encourage the establishment of sustainable democratic structures and mechanisms for the participation of economically disadvantaged citizens in the public decision-making processes that affect their lives.

In FY 2002, the Inter-American Foundation will also support programs and activities that promote and advance in Latin America and the Caribbean the concepts of philanthropy, social responsibility, and investment by the corporate community of financial and human resources in local economic and social development activities. By encouraging U.S. and local corporations and other business entities to invest a portion of their resources in the social and economic development of the communities in which they operate, the Inter-American Foundation will increase the amount of local resources being channeled from the private sector to support local development initiatives to address priority needs. Such an approach will lead to increased economic opportunities for the poor, increased integration of the poor into local and regional

markets, decreased dependency of the poor on foreign assistance programs, and, over the long term, expanded markets for U.S. goods and services in Latin America and the Caribbean.

The Inter-American Foundation's overall vision is for Latin American and Caribbean countries to achieve high levels of development capability at the grassroots level and independence from external resources. In pursuit of its vision, the Inter-American Foundation's goal is to increase the effectiveness and the financial independence of community level development organizations and processes that focus on human development, foster self-reliance, and improve the quality of life for the peoples of Latin America and the Caribbean. Given the Inter-American Foundation's limited staff and financial resources, the quest for creative and effective ways to increase the impact of its limited resources is be an ongoing institutional priority.

African Development Foundation
(\$ in thousands)

Account	FY 2000 Actual	FY 2001 Estimate	FY 2002 Request
DA	14,345	15,965	16,042

National Interests:

The African Development Foundation (ADF) plays a unique role within the U.S. government's foreign assistance programs. ADF is the only agency working directly at the grassroots level, entirely in partnership with African non-governmental organizations, to alleviate poverty and promote broad-based sustainable development. The Foundation's assistance is targeted to unleash the entrepreneurial spirit of poor communities and small enterprises. Its activities are African-driven and African-owned. It promotes broad-based participation in the development process and builds indigenous capacity through all its activities. ADF's efforts complement larger, government-to-government assistance programs, both in terms of tackling problems "from the ground up" and in developing new models of participatory development that can be replicated by others.

As described below, the Foundation's programs directly support U.S. national interests in Africa, including: stimulating broad-based, sustainable economic development; developing trade and investment opportunities; and protecting Africa's fragile environment.

Objectives & Justification:

ADF resources will be focused and concentrated on four strategic objectives: promoting small and micro-enterprise development; expanding participation of small enterprises and producer groups in trade and investment relationships with the U.S. and within Africa; ensuring sound natural resource management (NRM); and promoting community-based HIV/AIDS interventions.

In the pursuit of these objectives, ADF will emphasize innovation and risk-taking, in order to explore better ways of promoting broad-based sustainable development in Africa. In keeping with the Foundation's unique approach, all funding will be channeled through local organizations and African institutions. No funding goes through governments or to international experts. ADF assists people directly; there is no "trickle down."

A primary focus of the ADF program for seventeen years has been development of micro and small African enterprises (MSEs), so the Foundation has a unique capacity to stimulate these engines of broad-based growth that create jobs and generate income. ADF's efforts will complement the policy and regulatory reform supported by USAID and its larger-scale, formal sector enterprise development programs.

Recognizing the Foundation's extensive experience in improving the productivity of small farmers and building robust small enterprises, it has a special role under the African Growth and Opportunity Act to increase the participation of African grassroots enterprises and producer

groups in international trade. Under its trade and investment initiative, ADF has developed some innovative and replicable models that promote non-traditional exports which poor farmers can grow and market and enable small manufacturers to expand production for export.

ADF works directly at the community level and with African NGOs and researchers to foster sustainable use and conservation of Africa's fragile natural resource base. The Foundation supports development of new technologies and techniques and community-based land use planning and implementation, with an emphasis on identifying NRM initiatives with potential for replication.

The Foundation is undertaking a new initiative in HIV/AIDS. With its extensive rural base, ADF will be able to reach thousands that are beyond traditional prevention campaigns. And with its focus on supporting African-led solutions, the Foundation will be able to support innovative solutions to this complex socio-economic problem.

ADF is currently active in thirteen countries, with a concentration on creating jobs and generating income through micro and small enterprise development. This funding is critical to expanding ADF's grassroots trade and investment efforts, launching the new HIV/AIDS initiative, and opening a new country program in Eritrea.

For each strategic objective, ADF has established numerous performance indicators and measurable performance targets. The key indicators include: new MSEs created and jobs generated; entrepreneurs trained and micro-loans disbursed; non-traditional exports produced and marketed; new NRM technologies developed and improved practices adopted; and people trained in HIV/AIDS prevention and community remediation programs undertaken.