

Congressional Budget Justification
FOREIGN OPERATIONS



Fiscal Year 2006

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INTRODUCTION

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Budget Tables for Foreign Operations Request

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FY 2006 FOREIGN OPERATIONS SUMMARY

(\$ in millions)	FY 2004 Actual	FY 2005 Estimate	FY 2006 Request
FOREIGN OPERATIONS	19,611	19,713	22,828
Export-Import Bank of the United States (net)	30	77	211
Overseas Private Investment Corporation (net)	(224)	(213)	(160)
Trade and Development Agency (TDA)	50	51	49
Child Survival & Health Programs Fund (CSH)	1,824	1,538	1,252
Global Fund to Fight AIDS, Tuberculosis, & Malaria	[398]	[248]	[100]
Development Assistance (DA)	1,364	1,448	1,103
International Disaster and Famine Assistance (IDFA)	544	485	656
Transition Initiatives (TI)	55	49	325
Development Credit Authority (DCA)	8	8	8
USAID Operating Expenses (OE)	651	613	681
USAID Capital Investment Fund	98	59	78
USAID Inspector General Operating Expenses (IG)	37	35	36
Economic Support Fund (ESF)	3,288	2,481	3,036
Assistance for Eastern Europe and the Baltic States (SEED)	442	393	382
Assistance for the Independent States of the Former Soviet Union (FSA)	585	556	482
Peace Corps	308	317	345
Inter-American Foundation	16	18	18
African Development Foundation	19	19	19
Millennium Challenge Corporation	994	1,488	3,000
International Narcotics Control and Law Enforcement (INCLE)	460	326	524
Andean Counterdrug Initiative (ACI)	738	725	735
Migration and Refugee Assistance (MRA)	781	764	893
U.S. Emergency Refugee & Migration Assistance (ERMA)	30	30	40
Nonproliferation, Anti-Terrorism, Demining (NADR)	396	399	440
Global HIV/AIDS Initiative (GHAI)	488	1,374	1,970
Global Fund to Fight AIDS, Tuberculosis & Malaria	-	-	[100]
Conflict Response Fund	-	-	100
Treasury Technical Assistance	19	19	20
Debt Restructuring	94	99	100
International Military Education & Training (IMET)	91	89	87
Foreign Military Financing (FMF)	4,622	4,745	4,589
Peacekeeping Operations (PKO)	124	178	196
International Financial Institutions	1,383	1,219	1,335
Multilateral Development Banks Arrears	[97]	[11]	[7]
International Organizations & Programs (IO&P)	295	326	282
IRAQ RELIEF AND RECONSTRUCTION	19,316	-	-
GRAND TOTAL, FOREIGN OPERATIONS w/IRRF	38,927	19,713	22,828

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FY 2006 FOREIGN OPERATIONS SUMMARY - DETAIL

(\$ in thousands)	FY 2004 Actual	FY 2005 Estimate	FY 2006 Request
FOREIGN OPERATIONS	19,611,214	19,713,242	22,828,245
Title I - Export and Investment Assistance	(143,828)	(84,976)	99,150
Export-Import Bank of the United States (Ex-Im)			
Loan Subsidy	-	59,322	186,500
Administrative Expenses	72,467	72,614	73,200
Inspector General	-	-	1,000
Direct Loans, Negative Subsidy	(42,000)	(55,000)	(50,000)
Subtotal, Export-Import Bank	30,467	76,936	210,700
Overseas Private Investment Corporation (OPIC)			
Administrative Expenses for Credit & Insurance Programs	41,141	42,542	42,274
Net Offsetting Collections	(288,999)	(279,350)	(223,000)
Credit Funding - Direct & Guaranteed Loan Subsidies	23,858	23,808	20,276
Net Negative Budget Authority, OPIC	(224,000)	(213,000)	(160,450)
Trade and Development Agency (TDA)	49,705	51,088	48,900
Title II - Bilateral Economic Assistance	13,239,674	13,241,440	16,240,713
U.S. Agency for International Development	4,581,270	4,233,664	4,137,668
Child Survival & Health Programs Fund (CSH)	1,824,174	1,537,600	1,251,500
Global Fund to Fight AIDS, Tuberculosis, & Malaria	[397,640]	[248,000]	[100,000]
Development Assistance (DA)	1,364,329	1,448,320	1,103,233
International Disaster and Famine Assistance (IDFA)	543,993	484,896	655,500
Transition Initiatives (TI)	54,676	48,608	325,000
Development Credit Authority - Subsidy (by Transfer)	[21,000]	[21,000]	[21,000]
Development Credit Authority - Administrative Expenses	7,953	7,936	8,000
USAID Operating Expenses	651,136	613,056	680,735
USAID Capital Investment Fund	98,315	58,528	77,700
USAID Inspector General Operating Expenses	36,694	34,720	36,000
Other Bilateral Economic Assistance	4,315,074	3,429,939	3,900,375
Economic Support Fund (ESF) - w/ Fund for Ireland	3,288,162	2,480,992	3,036,375
Assistance for Eastern Europe and the Baltic States (SEED)	442,375	393,427	382,000
Assistance for the Independent States of the Former Soviet Union (FSA)	584,537	555,520	482,000
Independent Agencies	1,337,088	1,842,144	3,381,676
Peace Corps	308,171	317,440	345,000
Inter-American Foundation	16,238	17,856	17,826
African Development Foundation	18,579	18,848	18,850

(\$ in thousands)	FY 2004 Actual	FY 2005 Estimate	FY 2006 Request
Millennium Challenge Corporation	994,100	1,488,000	3,000,000
State Department	2,892,914	3,617,645	4,701,244
International Narcotics Control and Law Enforcement (INCLE)	460,274	326,189	523,874
Andean Counterdrug Initiative (ACI)	737,587	725,152	734,500
Migration and Refugee Assistance (MRA)	780,712	763,840	892,770
U.S. Emergency Refugee & Migration Assistance (ERMA)	29,823	29,760	40,000
Nonproliferation, Anti-Terrorism, Demining (NADR)	396,415	398,784	440,100
Global HIV/AIDS Initiative (GHAI)	488,103	1,373,920	1,970,000
Global Fund to Fight AIDS, Tuberculosis & Malaria	-	-	[100,000]
Conflict Response Fund	-	-	100,000
Department of the Treasury	113,328	118,048	119,750
Treasury Technical Assistance (TTA)	18,888	18,848	20,000
Debt Restructuring	94,440	99,200	99,750
Title III - Military Assistance	4,837,427	5,011,812	4,871,144
International Military Education & Training (IMET)	91,159	89,012	86,744
Foreign Military Financing (FMF)	4,621,810	4,745,232	4,588,600
Peacekeeping Operations (PKO)	124,458	177,568	195,800
Title IV - Multilateral Economic Assistance	1,677,941	1,544,966	1,617,238
International Financial Institutions	1,383,042	1,219,199	1,335,330
Global Environment Facility	138,418	106,640	107,500
International Development Association	907,812	843,200	950,000
Multilateral Investment Guarantee Agency	1,117	-	1,742
Asian Development Fund	143,569	99,200	115,250
African Development Fund	112,060	105,152	135,700
African Development Bank	5,075	4,067	5,638
European Bank for Reconstruction & Development	35,222	35,148	1,016
Inter-American Development Bank - Multilateral Investment Fund	24,853	10,912	1,742
Inter-American Investment Corporation	-	-	1,742
International Fund for Agricultural Development	14,916	14,880	15,000
Arrears	[97,457]	[10,912]	[6,570]
International Organizations & Programs (IO&P)	294,899	325,767	281,908
IRAQ RELIEF AND RECONSTRUCTION	19,316,250	-	-
GRAND TOTAL, FOREIGN OPERATIONS w/IRRF	38,927,464	19,713,242	22,828,245

I. REQUEST BY APPROPRIATION ACCOUNT

Export and Investment Assistance
Bilateral Economic Assistance
Military Assistance
Multilateral Economic Assistance

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EXPORT AND INVESTMENT ASSISTANCE

Export-Import Bank of the United States
Overseas Private Investment Corporation
Trade and Development Agency

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Export-Import Bank

(\$ in thousands)

Account	FY 2004 Actual	FY 2005 Estimate	FY 2006 Request
EXIM-Administrative Expenses	72,467	72,614	73,200
EXIM-Inspector General	-	-	1,000
EXIM-Loan Subsidy	-	59,322	186,500
EXIM-Negative Subsidy	(42,000)	(55,000)	(50,000)

The FY 2006 request seeks \$186.5 million for loan programs and \$73.2 million for administrative expenses. Such funding, in combination with program budget authority carried over from prior years, will support \$13.8 billion in lending activity.

The requested funds will counter foreign officially sponsored export credit competition. In addition, this funding will allow the U.S. government to assume commercial and political risks that U.S. exporters or private sector institutions are unwilling or unable to undertake in ways that overcome limitations in private sector export financing.

Ex-Im Bank will finance the export of all types of goods or services, including commodities, as long as they are not military-related (certain exceptions exist). Two of the Bank's mandates are to increase the export of environmental goods and services, which are in strong demand among the developing nations, and to expand the amount of U.S. small businesses exports.

Export-Import Bank sustains and increases American jobs by financing the exports of U.S. goods and services that would otherwise not go forward through: direct loans, loan guarantees, working capital guarantees, and insurance.

Overseas Private Investment Corporation

(\$ in thousands)

Account	FY 2004 Actual	FY 2005 Estimate	FY 2006 Request
OPIC-Administrative Expenses	41,141	42,542	42,274
OPIC-Credit Funding	23,858	23,808	20,276
OPIC-Net Offsetting Collections	(288,999)	(279,350)	(223,000)

The Overseas Private Investment Corporation (OPIC) is the primary U.S. government agency focused on private sector investment in the developing world. Today, OPIC helps U.S. businesses to invest in 153 countries, promoting development while serving important foreign policy goals. OPIC catalyzes private sector development and by doing so plays a meaningful role in the development of the regions where instability poses foreign policy and national security challenges to the nation.

In FY 2006, OPIC requests the authority to spend \$42.3 million of its revenues for administrative expenses. In addition, in FY 2006 OPIC requests \$20.3 million in credit funding to support an estimated \$1.6 billion of direct loans and loan guarantees.

In FY 2006, supporting small business will remain an OPIC priority. OPIC's legislation directs the agency to pay special attention to the needs of American small businesses. OPIC has made significant progress in this area during the last year and OPIC anticipates its current relationship with SBA and OPIC's Small Business Center and Small & Medium Enterprise Finance Department, will continue to reap rewards for OPIC's small business clients.

In fulfilling its mission to mobilize and facilitate the participation of U.S. private capital in economic development, OPIC emphasizes countries and sectors that are development and foreign policy priorities. In FY 2006 OPIC will place special emphasis on:

- Providing solid foundations for growth through true developmental results.
- Expanding the world-wide reach of U.S. small business.
- Channeling investments into developing markets that need it the most, notably Central Asia and Southeast Asia, Africa and Latin America.
- Promoting new developments in regions of strategic importance, foremost in Iraq and Afghanistan.
- Leading the way for the private sector into new and emerging markets.
- Leveraging the power of private investment.

In FY 2004 OPIC supported 127 new insurance and finance projects that are expected to provide significant benefits for U.S. exports, balance of payments, and employment. During the first five years of operation, the projects will generate an estimated 31,165 person-years of direct and indirect employment for U.S. workers, equivalent to approximately 6,233 U.S. jobs. American firms will supply a substantial portion of the initial procurement for OPIC's projects, resulting in U.S. exports of capital goods and services of approximately \$2.41 billion during the next five years.

OPIC's policy of making good corporate citizenship a key element of responsible risk management contributes to two other U.S. strategic goals: opening political systems and societies to democratic practices, the rule of law, good governance, and respect for human rights; and securing a sustainable global environment in order to protect the U.S. and its citizens from the effects of international environmental

degradation. OPIC urges investors to adhere to recognized labor and environmental standards and anti-corruption laws. Projects are encouraged to play a positive role in host communities by recruiting and training local citizens for professional and management positions, responding to local education and health needs, and maintaining transparency through community outreach. While each project has flexibility to address its corporate citizenship in the most appropriate manner, OPIC will continue to ensure that all projects it supports meet its core statutory requirements.

Since its founding in 1971, OPIC has accomplished its development mission by supporting \$164 billion worth of investment in more than 3,300 projects that have helped created over 730,000 host country jobs. Our own economy has benefited as well, as OPIC projects have generated more than \$69 billion in U.S. exports and supported jobs for more than 263,000 Americans.

As of September 30, 2004, OPIC managed a diverse and active portfolio of 221 finance and 203 insurance projects. Examples of OPIC's support for developmental projects in FY 2004 include financing for water projects in the Philippines and Pakistan, telecommunications in Serbia, Brazil, Romania and Latin America, a medical facility in Brazil, a computer chip company in Turkey and business software services in Poland. In FY 2004 OPIC provided political risk insurance to developmental projects in Brazil, Honduras, Afghanistan, Kosovo, Nigeria, Pakistan, Mali, Azerbaijan and Uruguay, among other locations.

OPIC contributes to important U.S. goals without receiving direct appropriations, but instead is granted authority to spend its own earnings. These earnings are the basis for OPIC's contribution (in the form of net negative budget authority) to the International Affairs budget. For FY 2006, this contribution is estimated to be \$160 million.

Trade and Development Agency

(\$ in thousands)

Account	FY 2004 Actual	FY 2005 Estimate	FY 2006 Request
TDA	49,705	51,088	48,900

The Administration is requesting \$48.9 million for TDA in FY 2006. This request maintains the Agency's ability to spur economic development and advance U.S. commercial interests in developing and middle-income countries.

TDA's strategic use of foreign assistance funds to support sound investment policy and decision-making in host countries creates an enabling environment for trade, investment and sustainable economic development. In carrying out its mission, TDA gives emphasis to economic sectors that may benefit from U.S. exports of goods and services. TDA provides a bridge to U.S. technical know-how and experience for developing and middle-income countries. The focus of the agency is unique in that it creates public-private partnerships in response to foreign project sponsor needs and priorities. TDA funds help identify and prepare projects for implementation that will establish the infrastructure necessary for economies to expand. At the same time, the agency's activities develop trade partnerships by enhancing the ability of U.S. firms to conduct business overseas.

The Agency's FY 2006 budget request is designed to target TDA's assistance programs in support of key Administration foreign assistance priorities, including: 1) delivering trade capacity building assistance to build local economies and to open markets for U.S. goods and services; 2) ensuring that developing and middle income countries have safe and secure ports to help lessen the likelihood of future terrorist attacks and the disruption of trade; 3) contributing to economic development activities, particularly in Iraq and Afghanistan; and 4) supporting the Administration's environmental initiatives as part of the Interagency Working Group on Environmental Cooperation Associated with Free Trade Agreements.

This request will enable TDA to focus its activities on key Administration priorities and areas where demand for these programs has increased. For example, TDA will be able to continue enhancing its programming in the Middle East, North Africa, and South Asia in order to better serve Administration priorities and to support the economic development priorities of those countries in these regions. In addition, this request will enable TDA to continue to build on its ongoing success in Afghanistan. Using core appropriated funds in FY 2004, TDA has had a positive developmental impact on Afghanistan's economy by investing in capacity building activities in the energy, telecommunications, and transportation sectors.

Lastly, TDA is actively engaged in transportation security initiatives as an extension of the agency's traditional support for aviation sector and port development projects. TDA is currently chairing a new interagency Committee on International Aviation Safety and Security (CIASS), which coordinates U.S. government technical assistance in the area of aviation safety and security in developing countries and identifies public-private partnerships for such activities. As a result, CIASS has strengthened the impact of U.S. aviation and security assistance by focusing its energies on priority projects.

BILATERAL ECONOMIC ASSISTANCE

United States Agency for International Development
Other Bilateral Economic Assistance
Independent Agencies
Department of State
Department of the Treasury

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UNITED STATES AGENCY FOR INTERNATIONAL DEVELOPMENT

Program Overview
Child Survival and Health Programs Fund
Child Survival and Health Programs Fund Detail
Development Assistance
Development Assistance Detail
International Disaster and Famine Assistance
Transition Initiatives
Transition Initiatives Detail
Development Credit Authority
USAID Operating Expenses
USAID Capital Investment Fund
USAID Inspector General Operating Expenses

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United States Agency for International Development

(\$ in thousands)

Account	FY 2004 Actual	FY 2005 Estimate	FY 2006 Request
USAID	4,234,670	4,133,664	4,137,668
USAID-SUP	346,600	100,000	-

The President has identified development, diplomacy, and defense as the core, interdependent components of U.S. foreign policy. Economic, social and political development play critical and pivotal roles in the current complex national security environment. Since September 11, 2001, the War on Terrorism and the reconstruction of Iraq and Afghanistan have highlighted the importance of foreign assistance in U.S. national security policy. The relief and recovery response to the December 26, 2004 earthquake and tsunami in South Asia also demonstrate the role that foreign assistance plays in translating American values into compassionate action.

The U.S. Agency for International Development (USAID) is increasing the effectiveness of foreign assistance and improving its own efficiency within the overall framework of the Joint State-USAID Strategic Plan 2004-2009, which incorporates U.S. foreign policy and national security. Last year, USAID introduced a new strategic approach to the management of bilateral foreign aid with five operational goals. This submission reflects further steps to implement the strategic management of the foreign aid that USAID manages. Specifically, needy countries that have demonstrated good performance have been given priority for Development Assistance (DA) funds, and key fragile states - Afghanistan, Haiti, Sudan and Ethiopia - will receive funds from an expanded Transition Initiatives (TI) account to increase USAID's ability to respond quickly and effectively to the special needs of countries that require post-crisis stabilization, reform and capacity development. Economic growth and democratic governance programs in these four states were funded in past years with DA resources, but in FY 2006, USAID proposes to address economic growth and democratic governance weaknesses with TI, rather than DA funds.

USAID's strategic approach to effective management of bilateral foreign aid lays out the following operational goals:

- promote transformational development to bring far-reaching, fundamental changes to institutions of governance, human capacity, and economic structure that help countries to sustain further economic and social progress without continued dependence on foreign aid;
- strengthen fragile states through stabilization, reform, and recovery programming in selected failing, failed, and recovering states;
- provide humanitarian relief to meet immediate human needs in countries afflicted by violent conflict, crisis, natural disaster, or persistent dire poverty;
- support geo-strategic interests to achieve specific U.S. foreign policy goals in countries of high priority from a strategic standpoint; and
- address global and transnational issues including HIV/AIDS, other infectious diseases, biodiversity, climate change, direct support for international trade agreements, trafficking in persons, and counternarcotics.

To complement the steps to increase aid effectiveness, USAID proposes to continue improvements in management effectiveness through the strategic management of human capital. It proposes to right size the workforce, including continuing the Development Readiness Initiative, and significantly improve staff training. USAID's management priorities for FY 2006 are to: strengthen and right-size the workforce; complete the Development Readiness Initiative; modernize business systems and support State-USAID systems integration and business-process alignment; improve program oversight and accountability; and further regionalize overseas operations.

Agency Programmatic Priorities

The corporate approach to strategic budgeting allows us to achieve maximum impact by effectively allocating U.S. development assistance resources, complementing strategic priorities identified in the Joint Strategic Plan. USAID's priorities for the FY 2006 budget also include promoting economic growth to move countries into the global trading system, and promoting human rights and democracy.

USAID will support U.S. foreign policy goals with special emphasis on Iraq, Afghanistan, Pakistan and Sudan, as well as other front-line states in the War on Terror in the Asia and Near East and Africa regions. The Agency's Iraq programs will be funded from the Economic Support Fund (ESF) and other appropriations. USAID will also target resources to the Muslim World Initiative to support transformation of those societies and address the root causes of terrorism.

The Agency also supports on-going commitments such as education initiatives in Africa and Latin America, the Trade for African Development (TRADE) Initiative, Global Climate Change, the Congo Basin Forest Partnership, Illegal Logging, the Initiative to End Hunger in Africa, and Water for the Poor. These initiatives achieve a broad range of results that complement USAID's goals in transformational development, fragile and strategic states, and are implemented in a variety of ways, ranging from contributing to global funds, providing training, technical assistance or policy analysis bilaterally, and directly delivering services.

The FY 2006 request also maintains robust funding for Africa and Asia and Near East programs: including expanding access to quality basic education, and providing youth education directed towards the job market. In the Greater Horn of Africa, USAID will support peace, stability, economic growth, and work towards reversing the chronic food insecurity of the most populous country in the region, Ethiopia. Furthermore, USAID will support the U.S.-Central American Free Trade Agreement (CAFTA) to implement sound policy, trade liberalization, and economic reforms. In South Asia, Tsunami recovery and reconstruction will continue to be a priority.

The HIV/AIDS pandemic is more than a health emergency. It is a social and economic crisis that is threatening to erase decades of development progress. The pandemic has tended to hit in the most productive age groups and in developing countries that can least respond. Under the leadership of the State Department's Global AIDS Coordinator, USAID will scale up its work in expanding access to anti-retroviral treatment, reducing mother to child transmission, increasing the number of individuals reached by community and home-based care, providing essential services to children impacted by HIV/AIDS, and promoting education and behavior change programs that emphasize prevention of transmission.

Agency Management Priorities

USAID is committed to improving its business operations to ensure it remains at the forefront of international development in this new era. To accomplish this, USAID is requesting \$680.7 million in Operating Expenses (OE) to fund the administrative costs of managing \$9 billion in program funds. OE funding will support the Development Readiness Initiative (DRI) to address critical overseas workforce

requirements. With additional staff under DRI, the Agency will be able to manage existing programs, maintain surge capacity, and meet new demands.

USAID has made significant progress on and remains steadfast in its support of the President's Management Agenda (PMA) and is embracing the PMA disciplines as regular management practices for focusing on program results and costs. Accomplishments to date on all five PMA initiatives are detailed in the "Management Landscape" section of the FY 2006 Joint State-USAID Performance Plan.

Child Survival and Health Programs Fund

(\$ in thousands)

Account	FY 2004 Actual	FY 2005 Estimate	FY 2006 Request
CSH	1,824,174	1,537,600	1,251,500

The FY 2006 request excludes \$170 million for the 15 focus countries of the President's Emergency Plan for AIDS Relief that is being requested in State's Global HIV/AIDS Initiative account.

Investing in the health of the developing world contributes to global economic growth, reduction of poverty, a sustainable environment, and regional security. Infectious diseases are a special concern. The robustness of the global public health system directly affects public health in the U.S. because infectious diseases know no borders. Fighting the scourge of HIV/AIDS is not only a moral imperative. It has a direct impact on development because the impacts in the most deeply affected countries go far beyond those who are infected. Expansion of basic health services and strengthening national health systems are key investments in people in countries on the transformational development path. These investments significantly improve people's health, especially that of women, children, and other vulnerable populations and, depending upon the circumstances, may contribute to transformational development and the stabilization of fragile states.

The CSH request for USAID health programs is \$1.252 billion and is focused on the following areas:

- USAID works to eliminate evolving health issues, especially the linkages between HIV/AIDS and other infectious diseases. As HIV/AIDS and other infectious diseases continue to threaten the health of families and children in developing countries worldwide, the Agency works to eliminate these threats. USAID programs are integrated within the overall policy and strategic direction of the President's Emergency Plan for AIDS Relief (the Emergency Plan). The Emergency Plan focuses on 15 African, Caribbean and Asian countries. USAID plays a significant role in implementing the Emergency Plan, which is managed by the Department of State's Global AIDS Coordinator. All funding for the focus countries will be financed out of the Department's Global HIV/AIDS Initiative account.
- CSH-funded HIV/AIDS programs (\$330 million) will focus on prevention, care, and treatment efforts, and the support of children affected by AIDS, in line with the Emergency Plan, including scaling-up treatment programs for those who have not previously had access to such life-extending interventions.
- Other Infectious Diseases programs (\$139 million) will focus primarily on strengthening tuberculosis and malaria prevention and control programs at the country level. Malaria efforts will concentrate on scaling up interventions to prevent and treat malaria infection in women and children by expanding access to insecticide treated bed nets, intermittent treatment for pregnant women and the roll-out of new combination drug therapies. Country level expansion and strengthening of the Directly Observed Treatment Short-course (DOTS) Strategy will continue to be the focal point of USAID's tuberculosis program. In addition, USAID will increase and strengthen the availability of human resources to support DOTS implementation, continue contributing to partnerships to address the challenges of multi-drug resistant TB and TB/HIV co-infection, and engage the private sector in DOTS.
- Child survival and maternal health programs (\$326.5 million) reduce the number of deaths in children under the age of five and save the lives of women in childbirth. About 7 million of the nearly 11 million annual child deaths could be prevented simply by extending coverage of proven interventions, which have always been at the core of USAID's child survival program. These interventions include such things as immunization, pneumonia and diarrhea prevention and treatment, oral rehydration, polio

eradication, micronutrient deficiencies, safe birthing and antenatal care, nutrition, breastfeeding, and the USG contribution to the Vaccine Fund. USAID is also working to revitalize nutrition efforts, including food fortification and food security, to make them fundamental components of all child survival and maternal health programs

- Funding for programs for vulnerable children (\$10 million) will continue to support the Displaced Children and Orphans Fund (DCOF) which strengthens the capacity of families and communities to provide care, support, and protection for orphans, street children, and war-affected children.
- Family planning and reproductive health programs (\$346 million) will help expand access to information and services regarding family planning practices. Such access will reduce unintended pregnancies, improve infant and child health, reduce their mortality rates, decrease maternal deaths associated with childbirth, and reduce abortion. These programs are integrated with programs that protect human health. Total funding for these programs remains at \$425 million, with \$346 million from CSH, and the balance of \$79 million from accounts co-managed with the Department of State (e.g., the Economic Support Fund, Assistance for Eastern Europe and the Baltic States, and Assistance for the Independent States of the former Soviet Union).
- Funding is also included for a \$100 million contribution to the Global Fund to Fight AIDS, Tuberculosis and Malaria.

USAID's health programs will continue to emphasize quality assurance in health care delivery, cutting waste and inefficiency, strengthening strategic planning and management systems, and developing host-country capacities. Further, USAID is helping health service delivery organizations manage the finances, drugs and human resources needed to deliver increasingly complicated therapies, such as those for HIV/AIDS and chronic diseases.

Child Survival and Health Programs Fund
(\$ in thousands)

	FY 2004 Actual	FY 2005 Estimate	FY 2006 Request
Africa			
Angola	8,100	7,586	6,800
Benin	7,550	7,750	7,250
Burundi	700	800	700
Democratic Republic of Congo	22,404	24,765	20,950
Eritrea	5,000	5,300	5,200
Ethiopia	33,600	20,490	20,590
Ghana	18,620	18,920	18,000
Guinea	6,350	6,950	6,650
Kenya	34,877	12,600	12,300
Liberia	2,819	4,471	2,900
Madagascar	10,365	11,315	10,015
Malawi	19,800	20,425	19,100
Mali	14,200	15,755	14,580
Mozambique	20,380	12,530	10,430
Namibia	3,965	796	-
Nigeria	32,208	26,100	25,138
Rwanda	13,300	4,850	4,900
Senegal	14,675	14,775	14,075
Sierra Leone	100	400	400
Somalia	100	100	300
South Africa	31,028	5,328	5,178
Sudan	11,500	16,000	19,000
Tanzania	23,000	12,200	11,260
Uganda	36,020	12,760	11,160
Zambia	34,801	13,735	11,100
Zimbabwe	11,100	11,100	11,100
Africa Regional	23,027	29,037	18,611
REDSO/ESA	12,500	12,900	11,380
Regional Center for Southern Africa	5,950	7,486	7,950
West Africa Regional	19,300	19,550	18,880
Subtotal - Africa	477,339	356,774	325,897
East Asia and the Pacific			
Cambodia	29,360	28,700	27,400
Indonesia	33,000	36,700	27,540
Philippines	28,850	26,800	21,400
Vietnam	6,100	1,200	500
Regional Development Mission / Asia	17,073	17,851	16,819
Subtotal - East Asia and the Pacific	114,383	111,251	93,659

Child Survival and Health Programs Fund
(\$ in thousands)

	FY 2004 Actual	FY 2005 Estimate	FY 2006 Request
Europe and Eurasia			
Central and Eastern Europe Regional	250	250	250
Central Asian Republics	1,000	1,000	1,000
Russia	3,000	3,000	3,000
Ukraine	1,750	2,198	2,250
Subtotal - Europe and Eurasia	6,000	6,448	6,500
International Organizations			
International Organizations/Partnerships	564,900	419,839	250,210
Subtotal - International Organizations	564,900	419,839	250,210
South Asia			
Afghanistan	31,000	38,000	42,800
Bangladesh	35,500	31,450	26,200
India	47,800	51,022	48,822
Nepal	24,840	23,540	23,000
Pakistan	25,600	21,000	20,500
Sri Lanka	300	300	300
Subtotal - South Asia	165,040	165,312	161,622
Western Hemisphere			
Bolivia	14,602	16,400	14,887
Brazil	9,650	9,322	9,189
Dominican Republic	13,166	13,000	10,548
Ecuador	-	150	-
El Salvador	7,150	7,375	6,465
Guatemala	11,400	11,600	9,896
Guyana	1,700	-	-
Haiti	22,783	20,000	19,320
Honduras	12,777	13,340	10,853
Jamaica	4,621	4,559	3,292
Mexico	3,700	3,230	3,230
Nicaragua	7,406	7,806	5,976
Paraguay	2,325	2,000	1,477
Peru	17,582	13,887	11,950
Caribbean Regional	4,029	4,733	4,733
Central American Regional	4,950	5,675	5,839
LAC Regional	12,144	10,394	6,344
South America Regional	-	-	1,347
Subtotal - Western Hemisphere	149,985	143,471	125,346

Child Survival and Health Programs Fund
(\$ in thousands)

	FY 2004 Actual	FY 2005 Estimate	FY 2006 Request
Global			
Asia-Near East Regional	2,317	7,891	3,610
Democracy, Conflict & Humanitarian Assistance	4,345	3,942	2,050
Global Health	328,806	319,051	279,449
Other Programs	6,749	-	-
Program & Policy Coordination	4,310	3,621	3,157
Subtotal - Global	346,527	334,505	288,266
Total	1,824,174	1,537,600	1,251,500

The FY 2006 request excludes \$170 million for the 15 focus countries of the President's Emergency Plan for AIDS Relief that is being requested in State's Global HIV/AIDS Initiative account.

Development Assistance

(\$ in thousands)

Account	FY 2004 Actual	FY 2005 Estimate	FY 2006 Request
DA	1,364,329	1,448,320	1,103,233

The FY 2006 request excludes \$275 million for four fragile states -- Afghanistan, Ethiopia, Haiti, and the Sudan -- that is being requested in the Transition Initiatives account.

The Development Assistance (DA) request reflects the President's commitment to promoting economic freedom, supporting efforts to rule justly, and investing in people through education in transformational development countries -- needy countries with good economic and social policy performance. There are measurable goals and concrete benchmarks for achieving these objectives in each country. This request will support important contributions to: 1) economic freedom, such as a favorable business environment, increased trade capacity and improved agricultural productivity and natural resources management; 2) ruling justly, through support for building blocks of democratic governance, such as free and fair elections, a free media, human rights and improvements in governance to fight corruption; and 3) investing in people in the area of education. The Administration's FY 2006 DA request includes funding principally for transformational development countries, as well as support for these objectives in fragile and strategic states to enhance stability, improve security, encourage reform and develop key institutional capacities fundamental to lasting recovery. Funding is also requested for a number of global issues and other priorities, including five Presidential Initiatives that are contributors to sustainable development.

In transformational development countries, fragile and strategic states, FY 2006 DA will support:

- economic freedom through growth programs that focus on trade and investment, strengthening private markets, providing access to economic opportunity for the rural and urban poor, and supporting microenterprise lending, watershed management, and environmentally sound urbanization -- thereby, increasing the capacity of developing countries to participate in, and benefit from, global trade and investment. This request promotes stronger linkages between trade and development by increasing the capacity of developing countries to participate in and benefit from trade and investment. Specific Presidential Initiatives include the Central America Free Trade Agreement (CAFTA), the Trade for African Development (TRADE) Initiative, and the Digital Freedom Initiative.
- economic freedom through agriculture and natural resources management programs that will strengthen agricultural capability in developing countries, especially in sub-Saharan Africa under the President's Initiative to End Hunger in Africa and in South Asia, and will encourage public and private donors and development partners to do the same. Programs will mobilize science and technology to reduce poverty and hunger; develop global and local trade opportunities for farmers and rural industries; increase knowledge at the local level; and promote sustainable agriculture and sound environmental management.
- investment in people through basic education programs that will strengthen pre-primary, primary and secondary education, and teacher training. Efforts are focused primarily in Africa and Latin America with two Presidential Initiatives, African Education and the Centers for Excellence in Teacher Training. Programs also include targeted work in South Asia and the Near East. USAID's programs strongly emphasize the need to ensure equitable access for girls, especially in Africa and the Near East. DA will also fund programs for higher education, and workforce training. Education is an important long-term

investment in sustaining democracies, improving health, increasing per capita income and conserving the environment.

- democratic governments that rule justly as they are more likely to observe international laws, stand firm with the United States in the War on Terrorism, and pursue policies to reduce poverty, hunger, and suffering. Programs that support ruling justly focus on supporting elections, encouraging credible and competitive political processes, promoting the rule of law and respect for human rights, encouraging credible and competitive political processes, developing politically active civil societies, promoting more transparent and accountable governmental institutions, including local government support and anti-corruption efforts, combating trafficking in persons and mitigating and managing conflict.
- the pursuit of solutions to conflict and state failure in fragile states, the immediate removal of obstacles to peace, and the provision of technical assistance to tackle underlying causes of conflict that may jeopardize USAID's long-term development goals. The Agency's work in the areas of democracy and governance, as well as economic growth, will complement the conflict prevention and mitigation programming in that the legitimacy and effectiveness of political, economic, and social institutions are a critical factor in determining whether conflict will emerge.

Global issues and other special concerns that would be supported with FY 2006 DA funding include investing in programs that provide renewable and clean energy, access to clean water and sanitation. In particular, USAID manages five Presidential Initiatives that are contributors to sustainable economic growth. The Water for the Poor Initiative will improve sustainable management of water resources and accelerate the international efforts to halve by 2015 the proportion of people who are unable to reach or afford safe drinking water. The Congo Basin Forest Partnership Initiative promotes economic development, poverty alleviation, improved governance, and natural resource management. The Clean Energy Initiative provides access to affordable, reliable, clean and efficient energy. The Global Climate Change Initiatives promotes economic growth that minimizes the growth in greenhouse gas emissions, thereby helping to reduce the planet's vulnerability to climate change. The Initiative Against Illegal Logging is the most comprehensive strategy yet undertaken by any nation to address this critical challenge and reinforces the U.S. leadership role in the protection of the world's environment. Through this initiative, the Sustainable Forest Products Alliance supports efforts to reduce the flow of illegally-logged timber into world markets, including the critical regions of the Congo Basin, the Amazon Basin and Central America, and South and Southeast Asia.

Development Assistance
(\$ in thousands)

	FY 2004 Actual	FY 2005 Estimate	FY 2006 Request
Africa			
Angola	6,171	4,740	4,544
Benin	8,209	6,602	7,077
Burundi	2,270	2,118	1,543
Democratic Republic of Congo	12,699	8,152	7,427
Eritrea	1,739	1,051	781
Ethiopia	18,426	30,500	-
Ghana	18,645	17,443	11,500
Guinea	12,505	7,922	10,888
Kenya	12,001	15,782	16,344
Liberia	-	6,854	7,858
Madagascar	10,378	9,024	10,379
Malawi	12,441	10,163	11,186
Mali	25,267	18,564	20,793
Mozambique	24,572	17,085	18,319
Namibia	6,631	6,152	6,887
Nigeria	15,396	14,208	15,590
Rwanda	5,871	5,480	5,121
Senegal	13,896	9,735	10,548
Sierra Leone	3,685	4,600	3,269
Somalia	899	5,000	986
South Africa	29,398	26,160	28,614
Sudan	50,263	70,000	-
Tanzania	7,523	7,962	8,727
Uganda	28,176	27,182	21,476
Zambia	14,186	14,562	13,827
Zimbabwe	1,375	735	1,246
Africa Regional	45,707	130,281	119,710
Central Africa Regional	16,000	15,000	15,000
REDSO/ESA	22,977	20,283	17,884
Regional Center for Southern Africa	18,921	15,297	16,068
West Africa Regional	20,489	18,809	14,910
Subtotal - Africa	466,716	547,446	428,502
East Asia and the Pacific			
Cambodia	2,750	9,450	2,200
Indonesia	33,291	27,848	48,424
Philippines	21,568	27,576	21,525
Vietnam	3,000	4,750	4,750
Regional Development Mission / Asia	9,200	10,400	12,900
Subtotal - East Asia and the Pacific	69,809	80,024	89,799

Development Assistance
(\$ in thousands)

	FY 2004 Actual	FY 2005 Estimate	FY 2006 Request
Near East			
Lebanon	400	500	-
Morocco	5,400	6,000	6,000
Subtotal - Near East	5,800	6,500	6,000
South Asia			
Afghanistan	148,822	165,800	-
Bangladesh	18,200	16,535	15,700
India	22,539	24,000	29,600
Nepal	8,874	10,000	11,392
Pakistan	49,400	29,000	29,000
Sri Lanka	4,750	6,774	6,624
Subtotal - South Asia	252,585	252,109	92,316
Western Hemisphere			
Bolivia	12,032	11,824	14,454
Brazil	7,643	7,979	7,134
Dominican Republic	11,413	7,662	9,080
Ecuador	7,068	6,691	7,429
El Salvador	27,155	27,194	18,889
Guatemala	12,362	10,900	9,661
Guyana	2,850	3,457	3,938
Haiti	8,899	25,000	-
Honduras	22,797	21,606	19,925
Jamaica	14,160	12,882	10,905
Mexico	17,282	14,888	16,208
Nicaragua	25,536	26,800	21,311
Panama	5,622	5,177	6,604
Paraguay	4,140	3,785	6,788
Peru	13,786	11,631	15,354
Amazon Environmental Initiative	10,000	8,000	-
Caribbean Regional	6,281	2,807	4,922
Central American Regional	15,807	12,555	8,008
LAC Regional	33,527	32,607	40,939
South America Regional	2,400	2,035	2,298
Subtotal - Western Hemisphere	260,760	255,480	223,847

Development Assistance
(\$ in thousands)

	FY 2004 Actual	FY 2005 Estimate	FY 2006 Request
Global			
Asia-Near East Regional	19,667	34,388	18,852
Democracy, Conflict & Humanitarian Assistance	86,429	86,300	74,706
Economic Growth, Agriculture and Trade	172,987	156,785	150,600
Global Development Alliance	14,960	10,000	10,000
Global Health	1,000	-	-
Legislative and Public Affairs	2,000	2,148	1,816
Other Programs	5,718	12,426	-
Program & Policy Coordination	5,898	4,714	6,795
Subtotal - Global	308,659	306,761	262,769
Total	1,364,329	1,448,320	1,103,233

The FY 2006 request excludes \$275 million for four fragile states -- Afghanistan, Ethiopia, Haiti, and the Sudan -- that is being requested in the Transition Initiatives account.

International Disaster and Famine Assistance

(\$ in thousands)

Account	FY 2004 Actual	FY 2005 Estimate	FY 2006 Request
IDFA	253,993	384,896	655,500
IDFA-SUP	290,000	100,000	-

The FY 2006 request includes \$300 million in emergency cash food aid formerly included in Agriculture, P.L. 480 Title II.

The International Disaster and Famine Assistance (IDFA) account funds humanitarian programs that provide relief, rehabilitation, and reconstruction assistance to victims of natural and man-made disasters, and funds famine prevention and relief activities. IDFA funding supports USAID's operational goal to Provide Humanitarian Relief.

IDFA program objectives are to: (1) meet the critical needs of targeted vulnerable groups in emergency situations; (2) increase adoption of disaster prevention and mitigation measures in countries at risk of natural and man-made disasters; (3) reduce the economic impact of disasters on individual livelihoods by supporting and enhancing local capacities and coping mechanisms; and (4) support early intervention to either pre-empt famine or mitigate the impact.

To accomplish these objectives, USAID has a well-established management structure and is staffed with disaster relief experts who draw on public and private sector resources to respond within hours following a disaster declaration. USAID deploys assessment teams to identify needs and disaster assistance response teams to coordinate emergency responses and facilitate information flows. USAID also provides search and rescue teams, ground operations teams, medical assistance, shelter, potable water, sanitation assistance, and emergency and therapeutic feeding.

In FY 2004, USAID responded to 70 disasters in 55 countries, 53 of which were natural disasters and 17 complex emergencies. Civilians continue to suffer the consequences of conflict and natural disasters and look to the international community for life-saving and life-sustaining support.

Increasing emphasis is being placed on applying preparedness and mitigation lessons learned to deal with complex emergencies. While it is not possible to predict which countries will need humanitarian assistance in the future, countries such as Afghanistan and Sudan are likely to continue to be a cause for concern.

Although recent progress on the North-South Sudan peace process brings hope for an end to Africa's longest civil war, the emergence of the crisis in Darfur is deeply troubling. In FY 2004, IDFA funding was used to address humanitarian needs in Sudan while simultaneously providing an effective bridge to development activities in the south. Within the framework of USAID's Interim Strategic Plan for Sudan, USAID had the following humanitarian assistance priorities: provision of basic humanitarian services in war-affected areas of Sudan, focus on areas of likely returns of internally-displaced persons, and response to the Darfur crisis. USAID provided nearly \$107 million in humanitarian assistance countrywide in Sudan. As was the case with the FY 2005 request, the FY 2006 request includes an additional \$100 million for programs to assist Sudan.

USAID works closely with the Departments of State and Defense to coordinate American relief efforts. In many disaster situations, 24-hour coverage is provided to ensure a speedy and appropriate response and the transmission of accurate information between the disaster site and participating USG agencies. Satellite communication equipment augments USAID's ability to target emergency assistance accurately and to

coordinate with USG agencies; U.S., third country and host country private voluntary organizations (PVOs), and other donors.

Effective humanitarian assistance requires that relief, mitigation, transition, and development programs within USAID support each other. USAID collaborates with other assistance providers in the international community to coordinate programs and share the burden of relief costs. PVOs and NGOs are critically important partners in these efforts and play an essential role in raising resources, providing assistance, and implementing programs in the field.

The FY 2006 request includes \$20 million for famine prevention and relief and is intended to support early intervention to either pre-empt famine or mitigate its effects. It also includes \$300 million, formerly requested under P.L. 480 Title II, for emergency food aid where the rapid use of cash assistance is critical to saving lives.

Transition Initiatives

(\$ in thousands)

Account	FY 2004 Actual	FY 2005 Estimate	FY 2006 Request
TI	54,676	48,608	325,000

The FY 2006 request includes funding for Ethiopia, Sudan, Afghanistan, and Haiti that was formerly requested under the Development Assistance account.

The Transition Initiatives (TI) account provides support to countries, usually fragile states, which are in transition from crisis to development. Traditional forms of humanitarian aid and development assistance are not well suited to these periods of transition. This account provides a mechanism that retains the responsiveness and flexibility of humanitarian aid, but with a focus on addressing the causes of fragility, advancing democratic governance, and managing conflict within highly charged and highly fluid transition environments.

The FY 2006 request will continue to support programs administered by OTI and proposes to expand the use of Transition Initiatives to fund democratic governance and economic growth programs in four key fragile states -- Afghanistan, Ethiopia, Haiti, and Sudan.

Fragile states are failing, failed and recovering states where conditions do not provide a sufficient foundation for long-term development. In these states, greater resource and operational flexibility is required to promote stability, advance reforms, and develop capacity of essential institutions and infrastructure. USAID plans to step up both the intensity and the breadth of our support to fragile states, with the objective of increasing stability and improving performance through reform and capacity development. An expanded TI account will better position USAID to be more responsive to the dynamics and needs of crisis and post-conflict situations.

Afghanistan, Sudan, Haiti and Ethiopia represent four states that are fragile and are currently experiencing a period of particular sensitivity as they recover from conflict or address deep governance weaknesses. As a result of country conditions and program requirements, USAID believes that TI resources are more appropriate than Development Assistance (DA) resources for these countries. Therefore, USAID proposes to shift funding previously budgeted under the DA account to the TI account for these four fragile states. The primary objective for the use of TI resources in each of these countries is to increase stability and improve performance through reform and capacity development. USAID plans the following program in FY 2006:

- *Afghanistan:* In a region rife with conflict and its own most recent history of 23 years of violence, the development challenge for Afghanistan is to rebuild its social fabric and infrastructure and chart a successful transition to democratic self-rule. As one of the highest foreign policy priorities, the U.S. is taking an integrated approach, using all the tools, resource pools and flexibility to meet changing demands and challenges to support a successful transition. Transition Initiatives funds will provide the necessary resource flexibility and programmatic integration to support Afghanistan's efforts for a political and economic transition to self rule.
- *Ethiopia:* During the last 30 years, the cycle of famine in Ethiopia has repeated itself again and again, necessitating substantial, and cyclical emergency food aid. Over time, the country is gradually losing its resiliency and capacity for growth. To address this situation, USAID has developed a strategy to manage the transition from a largely emergency response program to one that proactively builds capacity to prevent famine. The success of this transition depends on increasing the capacity of

government, the private sector, nongovernmental organizations, communities and households to generate economic growth and to build a foundation for permanently reducing famine vulnerability, hunger and poverty. Food aid will continue to be an important component of asset building operations (food for work, food for relief). The Transition Initiatives account will complement food aid to support the growth of effective and sustainable markets and provide the chronically food insecure with income generation opportunities.

- *Sudan:* With the signing of the Naivasha Accord between the Sudanese People's Liberation Movement and the Government of Sudan in December 2004, the end of the 20 year-long civil war in Sudan is now in sight. However, the transition from instability and conflict to economic growth and democratic political governance will be extremely difficult and cannot be achieved in the short term. The lack of basic physical infrastructure and institutional capacity, particularly in the south, impede economic and social development. Extremely high rates of illiteracy, limited access to basic education, lack of economic opportunities, poor quality agricultural production and inaccessible markets are legacies from the years of conflict and developmental neglect. Transition Initiatives funds in FY 2006 will provide the necessary resources required to help the country move towards economic and political stability.
- *Haiti:* Profound degradation of Haiti's social, economic, and political conditions exacerbated by flawed elections in 2000, culminated in widespread instability and the departure of President Aristide in February 2004. Confronted with extensive damage to state infrastructure and the disruption of essential services, the newly-formed Interim Government of the poorest country in the Western Hemisphere is virtually penniless, with severely limited revenue generation capacity. Transition Initiatives resources will help to restore and sustain a climate of peace and security, revitalize Haiti's tattered economy, and improve conditions for democratic processes to take place, including fair and free elections.

As noted above, the FY 2006 request will continue to support programs administered by OTI that provide short-term assistance targeted at key transition needs. OTI plans to continue many of its on-going programs in transition countries, which include Bolivia, Burundi, the Democratic Republic of Congo (DRC), Liberia, Sri Lanka, and Venezuela. OTI anticipates transferring its programs to USAID Missions in Burundi, DRC, Liberia and Sri Lanka in the second quarter FY 2006; and Bolivia and Venezuela in the third and fourth quarters respectively. OTI will revise its goals, objectives and/or FY2006 funded activities whenever needed to address rapidly changing conditions and US foreign policy priorities.

Transition Initiatives
(\$ in thousands)

	FY 2004 Actual	FY 2005 Estimate	FY 2006 Request
Africa			
Ethiopia	-	-	25,000
Sudan	-	-	70,000
Subtotal - Africa	-	-	95,000
South Asia			
Afghanistan	-	-	150,000
Subtotal - South Asia	-	-	150,000
Western Hemisphere			
Haiti	-	-	30,000
Subtotal - Western Hemisphere	-	-	30,000
Global			
Office of Transition Initiatives	54,676	48,608	50,000
Subtotal - Global	54,676	48,608	50,000
Total	54,676	48,608	325,000

The FY 2006 request includes funding for Ethiopia, Sudan, Afghanistan, and Haiti that was formerly requested under the Development Assistance account.

Development Credit Authority

(\$ in thousands)

Account	FY 2004 Actual	FY 2005 Estimate	FY 2006 Request
USAID DCA	7,953	7,936	8,000

The Development Credit Authority (DCA) allows USAID to use credit as a flexible development tool to promote broad-based economic growth in developing and transitional economies. It is often the best means to leverage private funds for development purposes.

This program augments grant assistance by mobilizing private capital in developing countries for sustainable development projects, thereby supporting the capacity of host countries to finance their own development. DCA is not intended for sovereign credit activities.

For FY 2006, the Administration is requesting \$21 million in transfer authority from USAID managed program accounts to provide loan guarantees in every region and in every economic sector targeted by USAID.

In FY 2006, DCA resources will assist Missions in supporting such activities as micro, small and medium-size enterprise development, competitive financial services, creative municipal financing, mortgage lending, and clean energy and clean water initiatives.

USAID anticipates that demand for credit resources among the geographic regions in FY 2006 may be as follows: Africa - \$5 million; Asia and the Near East - \$6 million; Europe and Eurasia - \$5 million; and, Latin America and the Caribbean - \$5 million.

Activities funded through DCA add value to USAID's overall efforts by creating competitive and efficient markets, improving policies and increasing transparency within financial institutions, increasing employment, and demonstrating to financial institutions in developing countries that mobilizing local private capital to fund activities in their own countries can be a profitable, worthy venture. In FY 2004, 36 activities approved under DCA leveraged \$279 million in loan guarantees and loan portfolios.

In accordance with the Federal Credit Reform Act of 1990, the \$8 million appropriation request for credit administrative expenses reflects the total cost of development, implementation, and financial management of all USAID credit programs.

USAID Operating Expenses

(\$ in thousands)

Account	FY 2004 Actual	FY 2005 Estimate	FY 2006 Request
USAID	613,036	613,056	680,735
USAID-SUP	38,100	-	-

For FY 2006, the Administration is requesting \$680.7 million in Operating Expenses (OE) to fund the administrative costs of managing \$9 billion in program funds. The OE budget covers the costs of salaries and benefits, overseas and Washington operations, and central support, which includes security, information technology, and human capital initiatives. The request includes funding to support management priorities to strengthen and right-size the workforce, improve program oversight and accountability, and increase security. \$36.3 million of the FY 2006 request is for USAID operations in Iraq and Afghanistan, which has been funded in prior years through supplemental appropriations.

Consistent with the State Department's human capital initiative, USAID will continue the Development Readiness Initiative (DRI) to strengthen the workforce and rebuild the Agency's diplomacy and development capacity. Under DRI, USAID will hire an additional 70 staff in FY 2006, over and above anticipated attrition, to address critical workforce needs, manage existing programs, maintain surge capacity, and meet new demands. DRI will allow the Agency to focus on recruiting, training, and retaining a high-quality workforce that can more flexibly respond to crises and emerging priorities.

To address significant management challenges, the Agency will continue to modernize its business systems and support State-USAID joint goals for information technology management and IT systems security, and will continue jointly implementing e-government initiatives under the President's Management Agenda. Financial management and procurement improvement projects will increase program accountability through better integration of budget and performance information. These projects are being undertaken jointly to help achieve efficiencies in system operations, and to lay the groundwork for further alignment of procurement and financial management functions.

To protect USAID employees and facilities against global terrorism and national security information against espionage, the Agency will increase physical security measures, such as building upgrades, emergency communications systems, and armored vehicles; personnel security, such as background investigations and security clearances; and information security.

USAID Capital Investment Fund

(\$ in thousands)

Account	FY 2004 Actual	FY 2005 Estimate	FY 2006 Request
USAID CIF	81,715	58,528	77,700
USAID CIF-SUP	16,600	-	-

For FY 2006, the Administration is requesting \$77.7 million in no-year funding for the Capital Investment Fund (CIF) to provide USAID with greater flexibility to manage investments in information technology and facility construction. The CIF provides funding for the capital investment portion of both information technology and facility construction while the Operating Expense account funds the non-capital investment portion, which includes the annual operating and maintenance costs of information systems and facilities infrastructure.

The Facility Construction component (\$55.8 million) will fund the second year of the Agency's contribution to the Capital Security Cost Sharing Program to support the construction of USAID facilities on new embassy compounds. The Secure Construction and Counterterrorism Act of 1999 requires USAID to co-locate on new embassy compounds. These funds will support USAID's ability to locate staff in secure work environments.

The Information Technology component (\$21.9 million) will fund the continued implementation of worldwide accounting and procurement systems modernization, full participation in E-Government initiatives, and infrastructure modernization necessary to achieve the State-USAID joint goals for information technology management and systems security. These investments support Presidential Management Agenda initiatives, Agency transformation goals, and the efficiency of overseas staff.

USAID Inspector General Operating Expenses
(\$ in thousands)

Account	FY 2004 Actual	FY 2005 Estimate	FY 2006 Request
USAID OIG	34,794	34,720	36,000
USAID OIG-SUP	1,900	-	-

The FY 2006 request for the USAID Office of the Inspector General (OIG) covers operating expenses, including salaries, and support costs of OIG personnel.

The goals of the OIG are to:

- Assist USAID to implement its strategies for sustainable development and provide USAID managers with information and recommendations that improve program and operational performance.
- Work with USAID to protect and maintain the integrity of the Agency and its programs and operations by investigating allegations of federal criminal violations and serious administrative violations involving USAID programs and personnel.

OTHER BILATERAL ECONOMIC ASSISTANCE

Economic Support Fund
Assistance for Eastern 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 2004 Actual	FY 2005 Estimate	FY 2006 Request
ESF	2,163,162	2,480,992	3,036,375
ESF-ERF	153,000	-	-
ESF-SUP	972,000	-	-

The Economic Support Fund (ESF) promotes the 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 negotiations, 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 advances U.S. 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, 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 civic and economic organizations and democratic political processes that ensure broad-based participation in political and economic life, as well as 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.

ESF addresses 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 sustain 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. By promoting economic growth, good governance, and strong democratic institutions, ESF aims to eradicate the economic and political disparity that often underlies social tension and can lead to radical, violent reactions against government institutions. To this end, economic assistance programs assist in mitigating the root causes of terrorism.

For FY 2006, a total of \$3.036 billion is requested to support the economic and foreign policy interests of the United States as follows:

- Africa -- \$151.9 million is requested for programs in sub-Saharan Africa. These funds will assist countries to recover from conflict and bring about enduring peace; support the development of democracies, including support for human rights and rule of law; promote economic stability, sustainable development, and U.S. investment opportunities in Africa; and combat terrorism and other forces that undermine prosperity and stability in the region.
- East Asia and the Pacific -- \$155.4 million is requested to continue key programs supporting democracy and good governance, support education initiatives where the system is in crisis, stimulate economic growth and development; fund significant civil society and women's empowerment programs, and strengthen local security and counter-terrorism initiatives. Funds also will support several important EAP regional accounts that foster regional solutions to transnational problems, enhance U.S. influence in regional institutions, and underscore broad U.S. engagement in the region.
- Europe and Eurasia -- \$42 million is requested for programs that promote peace and reconciliation, and contribute to the stability of the region.
- Near East -- \$1.722 billion is requested to support regional stability in the Middle East, encourage development, and encourage a comprehensive peace between Israel and its neighbors; to promote political, economic, and educational reform throughout the region; and to combat the roots of terrorism by targeting the economic despair and lack of opportunity that are exploited by extremists.
- South Asia -- \$765.5 million is requested to help stabilize this critical region by funding economic reconstruction and development, demobilization, democracy building, education, training, and public diplomacy programs.
- Western Hemisphere -- \$143.7 million is requested to help bolster our collective security, strengthen democratic institutions and practices, and ensure economic opportunity for all. The programmatic focus will continue to be on democracy and anti-corruption, trade-led economic growth, and the fight against organized crime and terrorism.
- Global -- A total of \$56 million is requested to promote democracy and universal human rights; to promote environmental stewardship and advance U.S. interests in this area; to bring together individuals of different ethnic, religious, and political backgrounds from areas of civil conflict and war; and to prevent trafficking in persons and protect the victims of trafficking.

Further detailed justification for the proposed programs can be found in the respective regional program sections.

Program Assessment Rating Tool (PART)/Performance Evaluation

For preparation of the FY 2006 budget, the Administration evaluated the Department's Economic Support Funds in the Western Hemisphere using the Program Assessment Rating Tool (PART). The program was assessed as being moderately effective. These funds are primarily used to promote democracy and encourage economic growth, but are flexible enough to be used to respond to emergent crises and shifting priorities in the region.

The PART has been of assistance in developing program budgets by helping WHA focus on ways to measure success and establish targets that help WHA achieve that success. WHA now uses performance-based program management in coordination meetings with implementers, and is now taking a more active role in overseeing programs funded with WHA's ESF funds.

Key Indicators: (1) Transparency International's Corruption Perceptions Index. Tracks perceptions of corruption in the region, which can be affected by increasing awareness of the problem vs. an actual increase or decrease in the incidence of corruption; (2) Freedom House "Freedom in the World" country ratings, an annual assessment that rates countries on freedom as related to political rights (PR) and civil liberties (CL). Uses a scale of 1 to 7 on both measures, with 1 representing the highest level of freedom and 7 the lowest. And (3) World Economic Forum Growth Competitiveness Index (GCI). Uses World Bank information to determine median hemispheric score. Measures changes in the capacity of national economies to achieve sustained economic growth over the medium term, controlling for current levels of development.

Economic Support Fund
(\$ in thousands)

	FY 2004 Actual	FY 2005 Estimate	FY 2006 Request
Africa			
Angola	3,479	2,976	3,000
Burundi	3,479	3,224	3,850
Democratic Republic of Congo	4,971	4,960	5,000
Djibouti	-	1,984	5,000
Ethiopia	3,971	4,960	5,000
Kenya	7,953	8,928	8,000
Liberia	-	24,800	75,000
Nigeria	4,971	4,960	5,000
Sierra Leone	4,971	5,952	5,000
South Africa	1,988	992	1,300
Sudan	10,941	19,840	20,000
Zimbabwe	2,982	1,984	2,000
Africa Regional Fund	11,929	8,928	9,700
Kimberley Process	1,491	1,736	-
NED Democracy Programs	2,982	3,472	-
Regional Organizations	2,982	992	1,000
Safe Skies	4,971	3,472	3,000
Subtotal - Africa	74,061	104,160	151,850
East Asia and the Pacific			
Burma	12,923	7,936	7,000
Cambodia	16,900	16,864	15,000
East Timor	22,367	21,824	13,500
Indonesia	49,705	64,480	70,000
Mongolia	9,941	9,920	7,500
Philippines	17,645	34,720	20,000
Thailand	-	992	-
ASEAN	994	744	2,500
Developing Asian Institutions Fund	-	-	250
Environmental Programs	1,740	1,736	500
NED Democracy Programs	2,982	3,968	-
Pacific Islands	-	-	100
Regional Security Fund	-	248	-
Regional Women's Issues	1,988	992	1,000
South Pacific Fisheries	17,894	17,856	18,000
Tibet	3,976	4,216	-
Subtotal - East Asia and the Pacific	159,055	186,496	155,350

Economic Support Fund
(\$ in thousands)

	FY 2004 Actual	FY 2005 Estimate	FY 2006 Request
Europe and Eurasia			
Cyprus	38,420	13,392	20,000
Turkey	10,000	-	10,000
International Fund for Ireland	18,391	18,352	8,500
Irish Visa Program	3,479	3,472	3,500
Subtotal - Europe and Eurasia	70,290	35,216	42,000
Near East			
Egypt	571,608	530,720	495,000
Iraq	-	-	360,000
Israel	477,168	357,120	240,000
Jordan	248,525	248,000	250,000
Jordan SUP	100,000	-	-
Lebanon	34,794	34,720	35,000
Morocco	-	19,840	35,000
Yemen	11,432	14,880	30,000
Middle East Multilaterals	-	1,984	2,000
Middle East Partnership Initiative	89,469	74,400	120,000
Middle East Regional Cooperation	5,467	4,960	5,000
NED Muslim Democracy Programs	3,479	3,968	-
West Bank/Gaza	74,558	74,400	150,000
Subtotal - Near East	1,616,500	1,364,992	1,722,000
South Asia			
Afghanistan	74,558	223,200	430,000
Afghanistan ERF	153,000	-	-
Afghanistan SUP	672,000	-	-
Bangladesh	4,971	4,960	5,000
India	14,912	14,880	14,000
Nepal	4,971	4,960	5,000
Pakistan	-	297,600	300,000
Pakistan SUP	200,000	-	-
Sri Lanka	11,929	9,920	9,000
South Asia Regional Fund	1,988	992	2,500
Subtotal - South Asia	1,138,329	556,512	765,500
Western Hemisphere			
Bolivia	8,000	7,936	8,000
Brazil	750	-	750
Cuba	21,369	8,928	15,000
Dominican Republic	3,682	2,976	3,000

Economic Support Fund
(\$ in thousands)

	FY 2004 Actual	FY 2005 Estimate	FY 2006 Request
Ecuador	10,473	12,896	7,000
Guatemala	4,971	5,952	4,000
Haiti	54,982	39,680	50,000
Mexico	11,432	13,392	11,500
Nicaragua	-	3,472	1,875
Panama	1,000	2,976	2,000
Paraguay	2,982	2,976	2,550
Peru	7,453	7,936	8,000
Venezuela	1,497	496	500
Administration of Justice	4,424	-	-
Hemispheric Cooperation Program	6,941	-	12,000
Peru-Ecuador Peace	3,976	2,976	4,000
Regional Anticorruption Initiatives	-	2,976	3,000
Regional Security Fund	-	-	1,500
Summit of the Americas Support	-	1,488	3,000
Third Border Initiative	4,976	8,928	6,000
Trade Capacity Building	-	19,840	-
Subtotal - Western Hemisphere	148,908	145,824	143,675
Global			
Disability Programs	-	2,480	-
Human Rights and Democracy Fund	34,296	36,704	27,000
Oceans, Environmental and Science Initiative	3,976	2,480	9,000
Other Programs	12,426	-	-
Partnership to Eliminate Sweatshops	1,988	1,984	-
Reconciliation Programs	7,953	11,904	8,000
Security and Sustainability Programs	2,982	2,976	-
Trafficking in Persons	12,427	24,304	12,000
Wheelchairs	4,971	4,960	-
Subtotal - Global	81,019	87,792	56,000
Total	3,288,162	2,480,992	3,036,375

Human Rights and Democracy Fund

(\$ in thousands)

Account	FY 2004 Actual	FY 2005 Estimate	FY 2006 Request
ESF	34,296	36,704	27,000

The promotion of democracy and universal human rights continues to be at the center of our National Security Strategy and at the top of our foreign policy agenda. The Human Rights and Democracy Fund (HRDF) is set up to strengthen democracy, advance human rights, and build civil society in countries and regions of strategic importance to the United States. Support for such projects underscores the USG's continued commitment to human rights and democracy in its fight against terrorism.

In FY 2006, HRDF will support innovative, cutting-edge projects that provide assistance to struggling or nascent democracies or that help improve the human rights situation in key countries. HRDF programs will not duplicate other efforts. The Department of State will identify and act upon political openings where we believe progress can be made, even if only incrementally and over time. Funds will also support regional initiatives that have transnational implications. Those HRDF projects that prove viable will be considered for ongoing funding by traditional assistance agencies.

As efforts to spread freedom and fight the war on terrorism continue, the Department of State will maintain pressure for universal human rights, democratic processes, and civil liberties in all countries. These challenges will be addressed by funding programs that promote democratic reform and result in greater political pluralism and respect for fundamental freedoms in countries with significant Muslim populations; and that promote the protection and enforcement of legal rights and an independent judiciary, increase popular participation in government, and develop civil society in China. These funds will also be used throughout the world to support programs that may include: political party building, development of independent media, increasing labor and worker rights, and strengthening civil society and democratic institutions.

Program Assessment Rating Tool (PART) / Performance Evaluation

For the FY 2006 budget, the Administration assessed the Department's Human Rights and Democracy Fund program using the PART. In its first PART review, the program was rated Adequate. According to the review, HRDF succeeds in targeting grants for projects that support the Department's regional and country strategies, and coordinates effectively with USAID to avoid duplication of other human rights and democracy activities. HRDF has also greatly improved efficiencies in processing grants. The assessment found that performance evaluation was effective at the level of individual HRDF grants; however, the assessment recommended that the Department implement performance targets and evaluation at program and regional levels. The Department is currently in the process of conducting such a program-wide independent evaluation and implementing the other PART recommendations.

Key indicators include: (1) Percentage of HRDF-funded countries which show a positive change (decrease on the scale) on their annual Freedom House Freedom in the World score or a positive change (increase on the scale) on their Freedom House Countries at the Crossroads score and (2) Percentage of HRDF-funded countries that demonstrate a decrease in human rights abuses such as extrajudicial killings, disappearances, torture, or detention without trial, as evidenced by Amnesty International, Human Rights Watch, State Department Human Rights Reports data, and other indicators.

Oceans, Environmental and Science Initiative

(\$ in thousands)

Account	FY 2004 Actual	FY 2005 Estimate	FY 2006 Request
ESF	3,976	2,480	9,000

Oceans, environment, science, technology and health issues directly affect U.S. economic prosperity and national security. American leadership and engagement best serve U.S. national interests with the international community in these areas.

The Economic Support Funds (ESF) for Oceans, Environment and Science Initiatives (OESI) advance U.S. negotiating positions, promote regional cooperation and stability, and demonstrate U.S. leadership in responding to emerging issues in international oceans, environment, science, and health. These funds also promote U.S. economic, diplomatic, investment and commercial interests and enable host governments to develop their own policies with the full appreciation of U.S. perspectives on these issues.

ESF funds support priority programs, such as the methane-to-markets initiative, and other emerging issues as part of broader U.S. responses. In particular, as part of the tsunami response, the OESI program will continue to promote integrated watershed management and clean water initiatives as the region is rebuilt. In addition, the OESI program is continuing its outreach to countries with the large Muslim populations through support for science and technology activities in these areas.

The Department of State is currently negotiating and implementing agreements and promoting voluntary initiatives that directly affect U.S. interests such as biotechnology, forests, hazardous chemicals, sustainable fisheries, health, water, and sustainable development. ESF funds will be used to further these goals by:

- Promoting the sustainable management of the world's natural resources. OESI projects will include: strengthening sustainable forestry management, promoting collective action to combat wildlife trafficking, reducing land based and vessel source pollution, promoting regional partnerships that address marine pollution issues (e.g., White Water to Blue Water Partnership) and deterring illegal fishing that threatens U.S. commercial fisheries' interests and the sustainable management of fisheries through enforcement capacity building.
- Advancing the Administration's vision for a sustainable future through partnerships on water, energy/climate change, health and forests. OESI efforts will include: contributing to the methane-to-markets initiative; supporting household and community-level pilot programs for access to clean water and sanitation services aimed at reducing the incidence of water-borne diseases; promoting clean energy technologies in large developing countries such as India; and implementing the Global Earth Observation System (GEOS).
- Ensuring that free trade neither increases environmental degradation nor creates trade barriers. OESI projects will include: strengthening other countries' environmental standards, thereby leveling the playing field for U.S. exports; implementing environmental work plans with FTA partners; and increasing the capacity for domestic good governance and transparent and accountable environmental law enforcement and compliance in Africa, Latin America and Asia.
- Seeking scientific collaboration that advances U.S. foreign policy objectives. OESI activities will include fostering capacity building and science-based decision making in Central America, Central Asia and North Africa on coastal, marine and terrestrial habitat conservation, health, and biotechnology, and advancing space applications and technology, and earth observation data.

Reconciliation Programs

(\$ in thousands)

Account	FY 2004 Actual	FY 2005 Estimate	FY 2006 Request
ESF	7,953	11,904	8,000

The FY 2006 request of \$8 million will continue to support reconciliation programs and activities that bring together individuals of different ethnic, religious, and political backgrounds from areas of civil conflict and war. These funds will support cutting-edge programs that uphold democratic principles, support and strengthen democratic institutions, promote human rights, and build civil society in countries and regions of the world that are geo-strategically important to the United States. More specifically, they will be used to support:

- conflict response and mitigation through programs that seek to reduce the threat of violence through the peaceful resolution of differences, mitigate violence when it has broken out, or establish a framework for peace and reconciliation; and
- conflict management through programs that address the causes, and consequences of existing or likely conflict, but are implemented within a more traditional development sector such as democracy and governance or economic growth.

Funded programs in FY 2006 will address mediation of specific disputes, peace advocacy media, negotiation and implementation of peace agreements, community-based reconciliation, and conflict management. Related activities may include support for conflict research/early warning networks, capacity building of local governments to identify and address causes of conflict, strengthening the capacity of the private sector to contribute to peace-building, and building opportunities for young people to engage in constructive political and economic participation.

Trafficking in Persons

(\$ in thousands)

Account	FY 2004 Actual	FY 2005 Estimate	FY 2006 Request
ESF	12,427	24,304	12,000
INCLE	12,000	4,960	5,000

Trafficking in persons may be among the fastest growing human rights violations and transnational crimes internationally. This modern-day form of slavery involves sexual and/or labor exploitation, adopting such forms as indentured servitude, debt bondage, chattel slavery and peonage. Estimates vary, but 600,000 to 800,000, persons, primarily women and children, are annually trafficked across borders worldwide, including 14,500-17,500 victims brought into the United States each year. The number of victims is estimated to rise into the millions when intra-country trafficking is taken into account.

The Trafficking Victims Protection Act of 2000 (TVPA) and its subsequent 2003 (TVPRA) reauthorization, provide the U.S. Government with the necessary tools to aggressively combat this heinous crime at the international and national level. The State Department, through the Office to Monitor and Combat Trafficking in Persons, is charged with coordinating the U.S. Government's implementation of the TVPA and TVPRA, compiling the largest government-produced annual *Trafficking in Persons Report* (the TIP Report); and advancing public awareness and advocacy involving practical solutions to combat human trafficking worldwide. The Department works with other governments, other USG agencies, non-governmental organizations (NGOs), international organizations, Congress, and the media, toward the goal of eradicating modern-day slavery.

Economic Support Funds (ESF) for anti-trafficking activities totaling \$12 million will be targeted primarily to countries which have a growing trafficking-in-persons problem and a demonstrable need for resources to combat trafficking. These funds will focus on prevention and on the protection and reintegration of victims within countries and regions. ESF-funded programs will complement other anti-trafficking activities funded through the International Narcotics Control and Law Enforcement account and the Migration and Refugee Assistance account, discussed separately. Proposed activities will be closely coordinated with other on-going USG programs to ensure maximum outreach.

Africa (\$3 million) – Thirty-two (80 percent) of sub-Saharan African countries were included in the 2004 TIP Report. Most trafficking in Africa occurs within the continent for agricultural work, domestic servitude, begging, prostitution, and child soldiering. Some flows of Africans to Europe and the Middle East are for the commercial sex trade. Human trafficking in Africa is driven by on-going adverse social and economic conditions in the region. Some trafficking, particularly of children for labor, stems from traditional and cultural practices that have been occurring for generations. Due to the enormity of the complex and interwoven problems many African countries face and their lack of resources and capacity, combating this problem is extremely difficult. Countries emerging from years of conflict have a number of urgent priorities, of which combating TIP is one.

Funds will be used to support the following programs:

- Prevention and public awareness campaigns, in local/tribal languages, which may include supporting radio programs, school/village programs, and outreach to religious and traditional leaders. Priority countries include: Benin, Togo, Nigeria, Niger, Ghana, Burkina Faso, Mali, Cameroon, Chad, Mauritania, Zambia, Mozambique, Malawi, South Africa, Lesotho, and Swaziland. Priority countries were selected because they either have growing trafficking problems coming from rural or village areas, the religious and traditional leaders have influence that could prevent trafficking situations, and

where the trafficking victims are predominantly children. These countries also are targeted for prevention and public awareness campaigns because they are either source countries for child trafficking or have internal trafficking. By utilizing local/tribal languages and targeting religious/traditional leaders and schools, those at-risk for trafficking as well as those who are typically asked for advice understand the dangers of trafficking.

- Rehabilitation and reintegration programs for former child soldiers (including girls) in Rwanda, Burundi, Democratic Republic of Congo, Liberia, Sierra Leone, and Guinea, countries that have experienced civil wars in recent years. Many former combatants and forced combat wives have spread out into villages in these countries. To determine the best use of resources in some countries where there is little concrete information or widespread destruction, baseline studies of current internal trafficking trends in these countries may be necessary to understand the rehabilitation and reintegration needs and capacity of potential partners.
- Shelter and rehabilitation programs for victims of trafficking in such countries as Kenya, Mozambique, Tanzania, South Africa, Chad, Niger, Mali, Madagascar, and Burkina Faso. The governments and civil society organizations in these countries are either unable to support shelter and rehabilitation programs due to lack of resources and expertise or the existing facilities are inadequate for the number of victims. These countries are either facing an increase in trafficking victims requiring shelter and rehabilitation assistance, or former trafficking victims are being returned to these countries in need of assistance.
- Programs that promote regional cooperation in the Economic Community of West African States (ECOWAS), the East African Community (EAC), and/or the Southern African Development Community (SADC) regions. In the ECOWAS and SADC regions, there is a need for increased law enforcement collaboration on cross-border trafficking. ECOWAS and SADC recently began working on trafficking-in-persons as a regional problem; these programs should include concrete activities to encourage police collaboration on cases. The EAC region has never addressed this problem as a region. Programs in the EAC region should begin a regional dialogue and encourage a regional action plan to combat trafficking.

East Asia (\$2.2 million) – All forms of trafficking are found in this region. Weak law enforcement structures, corruption, and the conflation of trafficking with illegal immigration and prostitution are major obstacles to effective anti-trafficking strategies in the region. Sixteen (80 percent) of East Asian countries were included in the 2004 TIP Report as countries with a significant number of victims of severe forms of trafficking in persons. The trafficking profile of the region is roughly divided between less developed source countries (e.g. Indonesia, Laos, Burma and the Philippines) and more developed destination countries and territories (e.g. Thailand, Malaysia, and Japan). Thailand stands out as a trafficking center that is destination, source and transit area for a large number of trafficking victims. According to U.S. intelligence community estimates, this region is also the primary source for trafficked victims coming into the United States.

Funds will be used to support the following programs:

- Public awareness and information campaigns targeting at-risk populations and demand in Thailand, Vietnam, Laos, Philippines, Cambodia, and Burma. Selected countries have a continuous flow of trafficking victims from rural or tribal areas that are lured with the promise of a better future. Public awareness campaigns targeting these populations may prevent them from being trafficked and assist them in making more informed choices about job opportunities. Programs addressing demand also are necessary as demand continues to fuel trafficking in this region. To effectively prevent trafficking, the potential victim as well as the demand must be addressed.

- Expansion of shelters, victim assistance (including medical, psychological, and legal), and reintegration programs in Thailand, Cambodia, Indonesia, Laos, Mongolia, Vietnam and the Philippines. The governments and civil society organizations in these countries are either unable to support shelter and rehabilitation programs due to lack of resources or expertise or existing facilities are inadequate for the number of victims. These countries are either facing an increase in trafficking victims requiring shelter and rehabilitation assistance, or former trafficking victims are being returned to these countries in need of assistance.

Near East (\$850,000) – Nine or (approximately 75 percent) of all the Near East countries were included in the 2004 TIP Report as countries with a significant number of victims of severe forms of trafficking in persons. Given the conservative Muslim societies in most of the countries, sex trafficking is not a major problem in the region. A deficit of low-skilled domestic laborers in Saudi Arabia, Israel and Gulf States requires these countries to rely on migrant laborers from South or Southeast Asia. As a result, cases of involuntary servitude involving some of these migrant laborers represent a key TIP concern in the region. South Asian and African boys are also trafficked to Gulf states as camel jockeys.

Funds will be used to support the following programs:

- Public awareness (including joint campaigns in source countries) for at-risk populations, society in the destination countries, outreach to religious leaders, and demand in the Persian Gulf, Northern Africa, and Lebanon/Jordan. The Persian Gulf and Lebanon/Jordan are destinations for workers from South Asia, Southeast Asia, and Africa who are at risk for trafficking into domestic servitude and forced labor. Many victims are recruited in their home countries and deceived about employment regulations or what to do if they end up in an exploitative situation. Joint public awareness campaigns will target people at risk for trafficking in the source countries and workers already in the destination countries. Improving awareness about trafficking to religious leaders will lead to increased messages about demand and treatment of foreign workers. Northern Africa is a large transit point for trafficked Sub-Saharan Africans on their way to Europe. There is some confusion about the difference between trafficking and illegal migration.
- Victim assistance including shelters, legal assistance, and reintegration to home countries is not generally available in some North African and Persian Gulf countries as is unfortunately the case in Egypt, Jordan Morocco, and the Gulf states. Trafficking victims in these countries typically are locked in detention facilities, as there are no shelters. The governments in these countries do not have the expertise to provide legal assistance or counseling to trafficking victims and the few civil society organizations that are present do not have the necessary resources to help trafficking victims. Expanding victim assistance may lead to an increase in victims willing to testify against their traffickers.
- Inter-regional cooperation between source countries in Asia and destination countries in the Persian Gulf. Trafficking in persons predominantly flows from source countries in Asia (India, Pakistan, Nepal, Bangladesh, Indonesia, Philippines) to the Persian Gulf countries. Lack of understanding or contact between government, intergovernmental and non-governmental organizations in the source and destination countries hinders any collaboration. Traffickers and fraudulent employment companies continue to exploit this gap between the source and destination countries. Programs could include support to a first effort mini-summit between key source and destination countries on trafficking or supporting the development of a regional or a series of bilateral action plans on combating labor and sex trafficking.

South Asia (\$3.35 million) – Six or (75 percent) of South Asian countries were included in the 2004 TIP Report as countries with a significant number of victims of severe forms of trafficking in persons. The region is characterized by massive numbers of TIP victims -- with India tipping the scale -- predominantly in forms of labor trafficking, such as bonded labor in low-skilled industries. Corruption and a lack of political will are key impediments to tackling the trafficking problem. In addition to internal trafficking, there is trafficking within the region (e.g. from Bangladesh to Pakistan and from Nepal to India) and to destinations outside the region (e.g. sex, labor and camel jockey trafficking to the Gulf states).

Funds will be used to support the following programs:

- Improve protection by increasing shelter capacity, expanding services to victims (including medical, psychological, legal, vocational), reintegration, and following up with victims in Afghanistan, India, Nepal, Pakistan, and Sri Lanka. The countries in this region have the largest number of trafficking victims. As government and law enforcement efforts expand in these countries, the need for quality shelter facilities is increasing. Civil society groups in these countries have the expertise to rehabilitate victims and encourage their participation in prosecutions, but lack the resources to care for an increasing number of victims. In Afghanistan, the government is just beginning to combat trafficking and victims facing terrible stigmas do not have a safe place to go.
- Basic anti-trafficking capacity building activities in Afghanistan. Afghanistan is a growing source country for trafficking victims for sexual and labor exploitation as well as a country with a significant internal trafficking problem. The government has outlawed child trafficking, but the new government agencies, law enforcement officials, judges, social workers and border officials have very limited understanding of trafficking. Programs could include training for law enforcement officials including border officials, the introduction of an anti-trafficking curriculum into police and legal institutions, development of shelters, or support to public awareness campaigns.
- Public awareness campaigns targeting at-risk populations, outreach to religious leaders, high-risk areas, and demand in Afghanistan, India, Pakistan, and Sri Lanka. The trafficking situation in the selected countries continues unabated with victims from rural or impoverished areas falling prey to job or marriage offers or the chance for educational opportunities. Utilizing local languages and targeting religious leaders, particularly in Muslim areas, may contribute to a decrease in trafficking and demand as their advice is greatly respected.
- Advocacy efforts to improve anti-trafficking legislation and government response in India. Support to civil society to begin organized advocacy work in India can lead to the improvement of anti-trafficking legislation and a more organized government response to trafficking. So far, civil society actions to influence the government have been poorly organized. There have been occasional demonstrations, however, there hasn't been an organized effort to educate government officials. India was selected because of the gulf between civil society expertise and government response to the world's largest trafficking in persons problem.

Western Hemisphere (\$2.6 million) – This region is among the top three source regions for trafficked victims into the United States, according to U.S. intelligence community estimates. Twenty-two (approximately 80 percent) Western Hemisphere countries were included in the 2004 TIP Report as countries with a significant number of victims of severe forms of trafficking in persons. Compared to other regions, Latin America had a higher percentage of Tier 3 and Tier 2 Watch List countries in the 2004 TIP Report. The region is challenged by a general lack of awareness of trafficking and a concomitant deficit in political will to tackling the problem.

Funds will be used to support the following programs:

- Regional coordination activities through the Organization for American States' anti-trafficking coordinator, a position created as a U.S. initiative to follow up on the Summit of The Americas. These activities will continue to focus on spurring governments to take greater measures to combat trafficking and educating them and the general public about the distinction between trafficking in person and alien smuggling.
- Regional public awareness which may include information campaigns targeted at child sex tourists as well as pilot activities aimed at reducing local demand for victims of sex trafficking.
- Victim services, such as reintegration and protection assistance in border areas such as in the Mercosur region, Central America, and the Haiti-Dominican Republic border area.
- Expansion or establishment of shelters in countries where none or very few exist such as in Belize, Costa Rica, Ecuador, Guyana, Jamaica, and Suriname.
- Anti-trafficking related legal reform in countries where anti-trafficking legislation does not exist such as in Bolivia, Guatemala, and Honduras. This assistance may include training, (including train the trainers), for prosecutors, judges and NGOs, the combination of whom will produce laws that will holistically and comprehensively address all necessary elements of combating trafficking. Additionally, assistance may be targeted to training for non-governmental organizations to be court appointed victim/witness advocates and who will be better able to track cases going through the judicial process from investigation to prosecution to conviction.

Assistance for Eastern Europe and the Baltic States

(\$ in thousands)

Account	FY 2004 Actual	FY 2005 Estimate	FY 2006 Request
SEED	442,375	393,427	382,000

Support for East European Democracy (SEED) Act funding has promoted important U.S. national interests and strategic goals in the former communist countries of North Central and South Central Europe since 1989. Programs in eight countries in the Northern Tier already achieved their goals of assisting the transition to free markets and robust democracy and have been phased out. In the remaining years of SEED funding, the focus will be on Southeast Europe, primarily the Western Balkans. This region retains the ability to destabilize Europe and to threaten the vital interests of the United States and our Allies, as the conflicts in both Bosnia and Herzegovina (Bosnia) and Kosovo and the more recent insurgencies in southern Serbia and Macedonia demonstrate. SEED assistance provides a proactive defense of our interests by funding important peace implementation programs that lay the foundation for longer-term development, by encouraging the rise of democratic institutions and market economies and by integrating these countries into Euro-Atlantic institutions. Beginning in FY 2005 and continuing in FY 2006, U.S. contributions to help cover the expenses of maintaining Organization for Security and Cooperation in Europe (OSCE) missions in the SEED region, as well as the Office of the High Representative in Bosnia, are being borne by the SEED budget instead of the Peacekeeping Operations (PKO) budget, as are U.S. extra-budgetary contributions to the OSCE for high-priority projects to promote human rights, democratization, economic development and environmental protection.

SEED programs support innovative models, technical assistance, and training to facilitate reform and transition. SEED funding promotes broad-based economic growth and increases adherence to democratic practices and respect for human rights. Many of the countries of Southeast Europe 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 their citizens. All of the recipient countries are now democracies, and almost all experienced economic growth last year. Extensive SEED investments during recent years have succeeded in helping the region overcome crises; consequently, we are able to reduce the overall request while maintaining the momentum of the reforms currently under way.

SEED programs help to reduce local and regional instability that could threaten the security and well-being of the United States and its allies. A peaceful, democratic, and economically strong Southeast Europe gives the United States and the Euro-Atlantic community substantially greater assurance of security at lower cost. SEED programs also address the human costs of conflict, contribute to the protection of human health, help to achieve a sustainable global environment, and promote U.S. exports. Southeast 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. SEED bilateral and regional programs also help to reduce the threat of transnational organized crime and HIV/AIDS and promote regional cooperation and integration into Euro-Atlantic institutions.

While the SEED program has built a solid record of accomplishment, much remains to be done. The countries in Southeast Europe continue to need substantial U.S. assistance to address different needs. The first group is comprised of countries and regions whose economic and political transition has been delayed by hostilities. This group includes Bosnia, Kosovo and, more recently, the Republic of Macedonia, and Serbia and Montenegro (SaM). The aftermath of the 1999 conflicts in Kosovo, southern Serbia, and northern Macedonia continues to demand intensive U.S. assistance and leadership to establish and maintain security, promote inter-ethnic dialogue, address humanitarian needs, and strengthen democratic forces. Further assistance in SaM will help develop civil society, strengthen political parties and promote economic

development, giving citizens a stake in a democratic, free-market system. Kosovo experienced setbacks due to inter-ethnic violence in March 2004 and non-participation of Serbs in the October 2004 parliamentary elections. Bosnia remains a difficult challenge, given the severe infrastructure and human damage caused by the war. Nevertheless, we have seen progress in strengthening central institutions, minority returns, the rise of moderate parties, and the arrival of foreign banks. The United States continues to exercise leadership through both its SEED-funded assistance and military presence to ensure that the Dayton Peace Accords are implemented.

Neighboring Albania also requires continued SEED assistance after suffering debilitating and political crises as a result of the 1999 Kosovo conflict, as well as an economic collapse, all of which challenged political, economic, and social stability. SEED is helping Albania deal with these crises and move forward in its transitions.

Romania and Bulgaria are on track to become members of the European Union (EU) in 2007, although the EU may delay Romania's membership if its progress toward fulfilling accession requirements does not keep pace. In March 2005, Croatia will begin talks on accession timetables, provided there is full cooperation with the International Criminal Tribunal for the Former Yugoslavia (ICTY). SEED assistance for these countries will focus on consolidating gains and preventing backsliding.

Objectives of the SEED program for FY 2006 include the following:

- To continue support to SaM as it overcomes a legacy of political oppression and economic mismanagement. Efforts in Serbia will focus on: economic and democratic reforms to solidify democratic gains; improvements in the effectiveness and accountability of local government; strengthening of rule of law and respect for minority rights; and helping the government to develop and implement a comprehensive program for economic, political, and administrative reform, including focusing assistance on pro-reform elements that help promote full cooperation with ICTY in the Hague. In Montenegro, continued assistance will advance the process of democratization through support for economic reform and development of the private sector.
- To support Macedonia's ongoing efforts to implement the Framework Agreement to restore political stability by bringing the benefits of economic and political reforms to all its citizens. Work will go on at the grassroots level of government for economic development and social cohesion, to support efforts at Framework-mandated decentralization and diffusion of ethnic tensions.
- To sustain efforts to stabilize and transform Kosovo, so that there can be a decision on initiating a process to determine Kosovo's final status; to devolve more responsibility to the legitimate institutions of local self-government; to train and equip of the Kosovo police; and to develop an effective justice system and respect for minority rights.
- To implement the Dayton Peace Agreement in Bosnia, support minority refugee returns, enhance the voices of the moderate political leaders, and support economic reform with greater privatization and legal and regulatory reform.
- To support robust programs working with reform-minded, democratic governments in Bulgaria and Croatia as they work to lock-in economic reforms and consolidate democracy in their efforts to join the EU quickly. FY 2006 will be the final year of SEED funding for Bulgaria and Croatia.

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

SEED assistance also supports U.S. security, democracy, commercial, and human rights interests in Southeast Europe. FY 2006 SEED assistance will:

- Enhance security on the ground for U.S. troops in Kosovo and Bosnia.
- Speed up the stabilization process in the countries of the former Yugoslavia, allowing continued reduction of U.S. forces.
- Help prevent further outbreaks of armed conflict.
- Help establish domestic courts in Bosnia, SaM and Croatia to try war crimes cases, both in the interest of justice and public accountability, as well as to permit the ICTY to finish its work more expeditiously.
- 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.

Please see the individual country and regional program papers in the Europe and Eurasia section for detailed program justifications.

Program Assessment Rating Tool (PART)/Performance Evaluation

For preparation of the FY 2006 budget, the Administration reevaluated the Department's Coordination of Support for East European Democracy (SEED) and Freedom for Russia and Emerging Asian Democracies and Open Markets Support Act (FSA) programs using the Program Assessment Rating Tool (PART). The programs were rated as effective, representing a significant improvement over the programs' FY 2005 assessment as Results Not Demonstrated. Bilateral assistance programs under SEED Act (1989) and the FSA (1992) play an important role in advancing democratic and economic reforms in the countries of Eastern Europe and Eurasia. The office of the Assistance Coordinator oversees program and policy coordination among United States Government agencies and pursues coordination with other countries and international organizations to maximize the effectiveness of U.S. assistance in order to promote the irreversible transition to democracy and market economies. The PART evaluation process and dialogue with OMB helped strengthen our use of performance in the overall decision-making process for resources allocations.

In response to OMB recommendations following the FY 2005 assessment of the program, a performance measurement plan was developed to make informed policy and resource allocation decisions, including when to consider phase out of sectors, programs, or countries. This plan, which was incorporated in the FY 2006 PART, involves on-going evaluation of effectiveness of individual programs using measures that link to the Mission Performance Plans.

Key Indicators: (1) Administrative costs as a percent of all assistance coordinated by ACE; (2) Monitoring Country Progress Index for Economic Reform; (3) Monitoring Country Progress Index for Democratic Reform; (4) Number of countries that phase out of democracy assistance in established timeframes; (5) Number countries that phase out of economic assistance in established timeframes; (6) 100% review of target phase out timeframes; (7) 100% Annual Reports and MPPs reviewed by ACE for performance and consistency with policies and priorities; (8) percent of annual reports and MPPs using performance data consistent with FSA and SEED goals and standards (fully consistent, mostly consistent, consistent and needs work); and (9) percent of country programs with expanded pipeline greater than 24 months as of September 30 (and 30 months as of March 31) not justified by events or implementation requirements.

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

	FY 2004 Actual	FY 2005 Estimate	FY 2006 Request
Europe and Eurasia			
Albania	28,235	28,000	28,000
Bosnia and Herzegovina	44,735	41,000	40,000
Bulgaria	27,835	27,000	28,000
Croatia	24,853	20,000	15,000
Kosovo	78,534	75,000	72,000
Macedonia	38,770	34,000	39,000
Romania	27,835	27,000	20,000
Serbia and Montenegro	133,803	93,600	75,000
Regional SEED	37,775	47,827	65,000
Subtotal - Europe and Eurasia	442,375	393,427	382,000
Total	442,375	393,427	382,000

Assistance for the Independent States of the Former Soviet Union

(\$ in thousands)

Account	FY 2004 Actual	FY 2005 Estimate	FY 2006 Request
FSA	584,537	555,520	482,000

The United States continues to have a vital national interest in helping the Eurasian countries advance along the path toward becoming stable, pluralistic and prosperous countries. The substantial role played by FREEDOM Support Act (FSA) assistance was dramatically illustrated by the recent triumph of civil society and democracy in Ukraine and by continued progress in Georgia following the Rose Revolution. Due to the region's natural energy resources, nuclear and biological threats left over from the Soviet Union, and borders with Europe, South Asia, and China, the United States also has strong national security interests in helping the Eurasian states combat transnational threats, including terrorism, the proliferation of weapons of mass destruction (WMD) and the expertise to produce or deliver them; trafficking in persons and narcotics; and the spread of HIV/AIDS. Most of the Eurasian states have provided critical assistance in the Global War on Terrorism, including basing and overflight rights that have been key to our ability to carry out military action in Afghanistan. Several are also providing troops or other assistance in Iraq and Afghanistan.

The most effective protection of U.S. interests in the region will be the accomplishment of the transition the Eurasian states began in 1991 toward democratic governance and market-based economies. Progress along that path has been uneven, but U.S. assistance remains an invaluable means of achieving U.S. foreign policy goals. FSA-funded programs support emerging democratic organizations and market-based reforms creating broad economic opportunities. FSA funding has helped develop civil society in Eurasia through support for non-governmental organizations, political parties, and the independent media. FSA-funded economic reform and business development programs have supported the growth of micro, small and medium private enterprises throughout the region. FSA funds have also been used to capitalize enterprise funds, innovative assistance mechanisms that operate much like venture capital funds. FSA programs increase the scope of economic opportunity and promote social stability through support for basic and higher education, improved health care, narcotics demand reduction programs, and exchange programs that enable students and professionals to learn how a market-based democracy works in the United States. Together with assistance from other donors, FSA programs are helping countries and societies to build effective strategies to address the threat of HIV/AIDS and other infectious diseases.

FSA-funded assistance also helps prevent the proliferation of WMD and related technology and expertise, and combats transnational threats such as drug trafficking, organized crime, and trafficking in persons. FSA-funded border security programs have helped Georgia build an effective Border Guard presence on the Georgian-Russian border, have strengthened borders across Central Asia and the Caucasus, and will put a new emphasis on the Tajik-Afghan border, in recognition of the Russian Border Guard pull-out to be completed by the end of 2005. FSA-funded assistance programs have also facilitated the destruction and removal of Russian weapons and ammunition from Georgia and the Transnistria region of Moldova. In addition, FSA-funded joint research collaborations have achieved promising results in the areas of public health and agricultural research, while successfully redirecting the biological weapons expertise of former Soviet weapons scientists to peaceful, productive pursuits. FSA-funded efforts complement the WMD scientist redirection programs funded through the Nonproliferation of WMD Expertise line in the Nonproliferation, Anti-Terrorism, Demining and Related Programs (NADR) account.

In FY 2004, the Office of the Coordinator of U.S. Assistance to Europe and Eurasia conducted an interagency process to define progress towards reaching reform benchmarks in democratic, economic, and social reform, with a view to providing an empirical underpinning for the phase-out of FSA assistance in

particular sectors by agreed-upon target dates. We continue to monitor a broad range of economic and democratic reform indicators collected by the European Bank for Reconstruction and Development (EBRD), Freedom House, the United Nations Development Program (UNDP), and Transparency International, among others. The objective of this performance-based process is to phase out assistance when progress toward economic and democratic goals can be considered to be irreversible. The goal lines were set to match the reform indicators of Bulgaria and Romania at the time of their admission to NATO.

FSA resources are allocated based on two principles: first, balance between programs that address immediate threats and programs that promote lasting, generational change; and second, selective engagement based on willingness to reform and on performance in actual implementation.

FY 2006 FREEDOM Support Act assistance has the following objectives:

- To strengthen democracy by supporting open and transparent political processes, rule of law, and checks on executive authority, including independent and capable legislative and judicial branches, robust and effective civil society organizations, and sustainable independent media.
- To make economies more competitive and open them up to trade and investment by supporting responsible macroeconomic policies, good financial sector regulation, and a consistent, non-politicized approach to commercial disputes, and broad distribution of economic growth.
- To broaden economic opportunity by bolstering private enterprise, especially small business, through training and increased availability of credit.
- To enhance capabilities to fight illicit trafficking in persons, narcotics and WMD.
- To improve the health of Eurasian populations, with a particular focus on primary care and infectious diseases, such as tuberculosis and HIV/AIDS.
- To promote stability by attacking the underlying economic and political causes of instability, and by supporting efforts to resolve regional conflicts.
- To provide former Soviet weapons scientists with alternative, peaceful civilian research opportunities.

In addition, beginning in FY 2005 and continuing in FY 2006, U.S. contributions to help cover the expenses of maintaining Organization for Security and Cooperation in Europe (OSCE) missions in the Eurasian countries are being borne by the FSA budget instead of the Peacekeeping Operations (PKO) budget, as are U.S. extra-budgetary contributions to the OSCE for high-priority projects to promote human rights, democratization, economic development and environmental protection.

Program Assessment Rating Tool (PART)/Performance Evaluation

For preparation of the FY 2006 budget, the Administration reevaluated the Department's Coordination of Support for East European Democracy (SEED) and Freedom for Russia and Emerging Asian Democracies and Open Markets Support Act (FSA) programs using the Program Assessment Rating Tool (PART). The programs were rated as effective, representing a significant improvement over the programs' FY 2005 assessment as Results Not Demonstrated. Bilateral assistance programs under SEED Act (1989) and the FSA (1992) play an important role in advancing democratic and economic reforms in the countries of Eastern Europe and Eurasia. The office of the Assistance Coordinator oversees program and policy coordination among United States Government agencies and pursues coordination with other countries and

international organizations to maximize the effectiveness of U.S. assistance in order to promote the irreversible transition to democracy and market economies. The PART evaluation process and dialogue with OMB helped strengthen our use of performance in the overall decision-making process for resources allocations.

In response to OMB recommendations following the FY 2005 assessment of the program, a performance measurement plan was developed to make informed policy and resource allocation decisions, including when to consider phase out of sectors, programs, or countries. This plan, which was incorporated in the FY 2006 PART, involves on-going evaluation of effectiveness of individual programs using measures that link to the Mission Performance Plans.

Key Indicators: (1) Administrative costs as a percent of all assistance coordinated by ACE; (2) Monitoring Country Progress Index for Economic Reform; (3) Monitoring Country Progress Index for Democratic Reform; (4) Number of countries that phase out of democracy assistance in established timeframes; (5) Number countries that phase out of economic assistance in established timeframes; (6) 100% review of target phase out timeframes; (7) 100% Annual Reports and MPPs reviewed by ACE for performance and consistency with policies and priorities; (8) percent of annual reports and MPPs using performance data consistent with FSA and SEED goals and standards (fully consistent, mostly consistent, consistent and needs work); and (9) percent of country programs with expanded pipeline greater than 24 months as of September 30 (and 30 months as of March 31) not justified by events or implementation requirements.

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

	FY 2004 Actual	FY 2005 Estimate	FY 2006 Request
Europe and Eurasia			
Armenia	74,558	70,000	55,000
Azerbaijan	38,782	37,355	35,000
Belarus	8,055	6,500	7,000
Georgia	71,701	86,000	67,000
Kazakhstan	33,342	26,690	26,000
Kyrgyz Republic	36,238	31,000	30,000
Moldova	22,543	17,350	17,000
Russia	96,350	85,000	48,000
Tajikistan	24,451	27,000	25,000
Turkmenistan	5,700	6,505	5,500
Ukraine	94,283	79,000	88,000
Uzbekistan	35,888	33,500	30,000
Regional FSA	42,646	49,620	48,500
Subtotal - Europe and Eurasia	584,537	555,520	482,000
Total	584,537	555,520	482,000

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INDEPENDENT AGENCIES

Peace Corps
Inter-American Foundation
African Development Foundation
Millennium Challenge Corporation

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Peace Corps

(\$ in thousands)

Account	FY 2004 Actual	FY 2005 Estimate	FY 2006 Request
Peace Corps	308,171	317,440	345,000

The Peace Corps provides practical assistance to developing countries by sharing America's most precious resource-- its people. The close interaction between Peace Corps Volunteers and local communities has allowed the Peace Corps to establish an admirable record of service that is recognized around the world. For 44 years, Peace Corps Volunteers have helped build the path to progress with people who want to build a better life for themselves, their children, and their communities. Throughout the world, Peace Corps Volunteers continue to bring a spirit of hope and optimism to the struggle for progress and human dignity. More than 178,000 Americans have served in 138 countries.

While times have changed since the Peace Corps' founding in 1961, the agency's mission -- to promote world peace and friendship -- has not. The three core goals of the Peace Corps are as relevant today as they were forty-four years ago:

- To help the people of interested countries in meeting their need for trained men and women.
- To help promote a better understanding of Americans on the part of the peoples served.
- To help promote a better understanding of other peoples on the part of Americans.

Through the work and contributions of its Volunteers, the Peace Corps has emerged as a model of success for encouraging sustainable development at the grass-roots level. Volunteers work with teachers and parents to improve the quality of, and access to, education for children. They work with communities to protect the local environment and to create economic opportunities. Volunteers work on basic projects to prevent the spread of HIV/AIDS, help provide food security and access to potable water. They train students to use computers and help communities establish resource centers with Internet access.

The Peace Corps, however, is much more than a development agency. Its larger purpose is to empower people in developing countries to take charge of their own futures and strengthen the bonds of friendship and understanding between Americans and the people of other cultures. The on-the-ground, people-to-people relationships that Peace Corps Volunteers forge with their host country colleagues and communities serve as a crucial foundation for world peace, cross-cultural exchange, and understanding.

Volunteer safety remains the top priority of the Peace Corps. Because health and safety risks are inevitably an inherent part of Volunteer service, the Peace Corps staff and Volunteers work together to create a framework that safeguards their well-being to the greatest extent possible, enabling them to carry out the Peace Corps' mission. The Peace Corps takes responsibility for ensuring that safety and security issues are fully integrated in all aspects of Volunteer recruitment, training, and service and that the Peace Corps' safety and security policies and training curricula are adjusted as situations change. Volunteers do their important part by taking personal responsibility for their behavior at all times and assimilating successfully into their host communities. Volunteers can also reduce risks by following recommendations for locally appropriate behavior, exercising sound judgment, and abiding by the Peace Corps' policies and procedures.

Through their service, Volunteers make lasting contributions to our country and society in the following ways:

Representing American Values and Diversity - The women and men who serve as Peace Corps Volunteers reflect the rich diversity of our country and represent some of the finest characteristics of the American

people: a strong work ethic, a generosity of spirit, a commitment to service, and an approach to problems that is both optimistic and pragmatic. They are afforded no special privileges and often live in remote, isolated communities. They speak local languages and adapt to the cultures and customs of the people they serve. In this process, Volunteers share and represent the culture and values of the American people, and in doing so earn respect and admiration for our country among people who often have never met an American.

Responding to Humanitarian Crises and Natural Disasters – Through the President’s Emergency Plan for AIDS Relief, Peace Corps Volunteers are meeting the challenges of this global pandemic working both formally and informally, in 10 of the 15 focus countries. They are enhancing programming and in-country HIV/AIDS training, supplying Crisis Corps Volunteers (former Volunteers that return to the field on a short-term basis), and making small grants available for community initiated projects. Additionally, Crisis Corps Volunteers are assisting with disaster recovery in the Caribbean, following Hurricane Ivan, and helping these island nations address critical needs in restoration, mitigation, and prevention. More and more, Peace Corps Volunteers are finding ways to meet humanitarian challenges and, thereby, spreading American compassion abroad.

Preparing America’s Work Force with Overseas Experience - Peace Corps training and service provide skills that are increasingly important to America’s participation in the international economy. Volunteers worldwide learn more than 180 languages and dialects, and they receive extensive cross-cultural training that enables them to function effectively at a professional level in different cultural settings. Returned Volunteers often use these skills and experiences to enhance careers and make contributions to our society in virtually every sector -- Congress, the Executive branch, the Foreign Service, education, business, finance, industry, trade, health care, and social services.

Peace Corps Volunteers Educating Young Americans - Through the Coverdell World Wise Schools Program, thousands of current and returned Peace Corps Volunteers share their experiences in developing countries with students in America’s classrooms. This successful program allows young Americans to learn about the peoples and cultures of other countries and to interact with positive role models who have engaged in public service as Peace Corps Volunteers. These exchanges have allowed American students -- especially those who have not had the opportunity to travel or to experience another culture -- to gain a global perspective and to realize that they can make a difference in their communities and in the world.

Contributing to America’s Legacy of Service - Encouraging service and volunteerism among the American people is part of a long tradition in the United States and of this Administration. Over one hundred fifty thousand people contact the Peace Corps each year seeking information about serving as a Volunteer. When Volunteers complete their overseas service, many continue their commitment to volunteerism by offering their time and skills to community volunteer programs across the country.

Inter-American Foundation

(\$ in thousands)

Account	FY 2004 Actual	FY 2005 Estimate	FY 2006 Request
IAF	16,238	17,856	17,826

The Inter-American Foundation (IAF) undertakes development initiatives in Latin America and the Caribbean that have a direct impact on the lives of people at the lowest economic levels and that support the President's priorities in the region. The IAF supports programs that promote entrepreneurship, self-reliance, and democratic self-governance as a way to foster economic progress for the poor. By working with people at the community level, the IAF helps such communities develop democratic practices, including strengthening citizen participation and oversight of local governments.

In FY 2006, the IAF will continue to focus its resources on building partnerships among grassroots organizations, NGOs, local governments and private enterprises to foster development and democracy at the local level. This strategy also promotes social investment in Latin America and the Caribbean by the U.S. and local private business sectors to improve the quality of life of the poor in the region.

The IAF will continue to perform a leading role in efforts to channel some of the vast amounts of remittances that immigrants send home each year into development activities and will seek the partnership of other major donors in a coordinated venture, an area in which it was a pioneer. In particular, the IAF will work with migrant organizations in the U.S. and Canada to target their remittances toward development projects in their countries of origin.

In FY 2006, the IAF will continue to expand its innovative program involving a partnership with an expanding network of 52 Latin American corporations and corporate foundations. Participating corporate partners share criteria for funding and a results measurement system based on IAF's experience with grassroots development, and match or exceed IAF contributions to support local development initiatives.

The IAF will continue to support the economic development initiatives of indigenous peoples, as well as African-descendant communities, which comprise half the population living below the poverty line in Latin America and the Caribbean.. As an active member of the Inter-Agency Consultation on Race in Latin America, the IAF, in conjunction with the government of the United Kingdom, the Inter-American Development Bank, and the World Bank, will promote the inclusion of indigenous and African descendants in poverty reduction strategies by countries and donor agencies.

The IAF will support the expansion of community foundation activities in Mexico, particularly on the U.S.-Mexico border, through both monetary and non-monetary transfers (such as technical assistance) to promote endowment challenge grants and other forms of cross border philanthropy. The IAF will foster the networking of these foundations to promote shared commitments to grassroots development and shared practices and evaluation criteria.

The IAF will continue to refine its system of measuring the results of its grants and identify and disseminate good practices and lessons to new private sector contributors and development practitioners. The IAF will continue to integrate the non-tangible impact of its funding with an expanded evaluation methodology for randomly selected projects. Using results and evaluation information, the IAF will incorporate lessons learned into the IAF's strategic planning and grant decision-making processes.

African Development Foundation

(\$ in thousands)

Account	FY 2004 Actual	FY 2005 Estimate	FY 2006 Request
ADF	18,579	18,848	18,850

The African Development Foundation (ADF) plays a unique role within the U.S. Government's foreign assistance programs. ADF is the only USG agency that awards development assistance directly to African small enterprises and non-governmental organizations (NGOs). ADF is currently the sole provider of U.S. Government foreign assistance in five of the 15 African countries where it operates.

ADF's efforts complement other forms of United States assistance to Africa by providing small enterprises in Africa's poorest communities with the resources they need to generate new jobs and deliver significant increases in income to employees and to low-income families. The Foundation's programs support U.S. national interests in Africa by promoting economic growth, advancing opportunities for new international trade and investment, and strengthening the relationship between the United States and the people of Africa.

ADF's FY 2006 request focuses on:

- Promoting small enterprise development in Africa's poorest communities, and
- Helping small businesses and farming groups increase their exports to regional and global markets.

The Foundation has extensive experience in helping African small businesses improve their productivity and profitability. ADF's FY 2006 funding will allow the Foundation to provide African small businesses with essential capital, technology, and technical assistance to improve their productivity and to enhance their access to regional and international market opportunities.

Millennium Challenge Corporation

(\$ in thousands)

Account	FY 2004 Actual	FY 2005 Estimate	FY 2006 Request
MCA	994,100	1,488,000	3,000,000

The FY 2006 request of \$3 billion will advance the progress made by the MCC since it began its work in early 2004. The mission of MCC is to provide assistance in reducing poverty through economic growth in poor countries. Countries eligible to apply for the assistance are selected using objective indicators that gauge the governments' performance in ruling justly, investing in their citizens and encouraging economic freedom. Funding for the MCC complements other U.S. foreign assistance programs operating in low-income countries.

Being selected as eligible for MCA assistance is a reward for good governance and sound policies. The assistance also acts as an incentive for countries to continue their reforms and to strengthen those efforts. Working with USAID, the MCC also has created a Threshold Program for countries that did not qualify for MCA assistance but were close and are committed to reform in the areas that MCC evaluates. Central to MCC's approach is the element of country ownership of the program at almost all stages--from the country's program design through implementation. Eligible countries will be responsible for a high level of leadership and commitment in identifying development obstacles and priorities, ensuring civil society participation in their program design and implementation, and developing the strategy for implementation of the MCC program.

Each successful MCC partner country will enter into a public Compact with the MCC that includes a multi-year (3-5 year) plan for achieving development objectives. Further, the Compact will identify the responsibilities of each partner in achieving those objectives. Compacts will include plans for monitoring and evaluating performance, fair and transparent procurement procedures, fiscal accountability, and donor coordination. This country-driven process allows countries to think strategically about how to tackle obstacles to growth over a number of years. Critical to that approach is an upfront commitment for full funding of proposals with disbursements based on progress throughout the program term. Accordingly, multi-year funds are requested; and the request is for funds to remain available until expended by MCC.

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DEPARTMENT OF STATE

International Narcotics Control and Law Enforcement
International Narcotics Control and Law Enforcement Detail
 Andean Counterdrug Initiative
 Andean Counterdrug Initiative Detail
 Migration and Refugee Assistance
U.S. Emergency Refugee and Migration Assistance Fund
 MRA/ERMA Program Summary
Nonproliferation, Anti-terrorism, Demining, and Related Programs
 Global HIV/AIDS Initiative
 Global HIV/AIDS Initiative Detail
 President's Emergency Plan for AIDS Relief
 Conflict Response Fund

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International Narcotics Control and Law Enforcement

(\$ in thousands)

Account	FY 2004 Actual	FY 2005 Estimate	FY 2006 Request
INCLE	240,274	326,189	523,874
INCLE-ERF	50,000	-	-
INCLE-SUP	170,000	-	-

International Narcotics Control and Law Enforcement (INCLE) funding is critical for advancing the U.S. national objective of blunting the impact of international crime and illegal drugs on Americans and American society. The United States faces serious continuing threats to its security from international terrorist networks and their allies in the illegal drug trade and international criminal enterprises. Terrorism, international drug trafficking and transnational organized crime simultaneously target Americans and American interests both at home and abroad. All three groups thrive in gaps between law enforcement jurisdictions and where law enforcement institutions are weak or corrupt. They threaten not only U.S. security but also that of our close friends, neighbors, and allies. International drugs and crime jeopardize the global trend toward peace and freedom, undermine the rule of law, and menace local and regional stability, whether in Colombia, or Afghanistan.

To help meet these challenges, INCLE funds support a robust and comprehensive range of bilateral, regional, and global initiatives to help foreign governments build strong law enforcement and related institutions that can stop such threats before they reach U.S. soil. Together with Andean Counterdrug Initiative (ACI) funds, INCLE funding will strengthen the ability of key drug source and transit states to destroy drug crops on the ground; to disrupt and dismantle drug production and trafficking operations and organizations, arrest their leaders, and seize their assets; and to tighten border security against drug and people traffickers, terrorists, and other criminal groups. Internationally, the Department of State (DOS) will work closely with other countries to set anti-drug and anticrime standards, agree on collective actions, close off safe havens for drug, crime, and terrorist groups, fight corruption, and provide training as well as technical assistance to foreign law enforcement partners. DOS will partner in these activities with other USG agencies and with both international organizations and non-governmental organizations (NGOs). In the wake of September 11, 2001, many anti-crime programs have been refocused to emphasize and sharpen their counter-terrorism impact.

Recent program successes include:

- **Combating Money-laundering and Terrorist Financing.** INCLE funds have helped produce needs assessments or provide technical assistance to 17 of the 25 priority terrorist financing countries. INCLE assistance programs have also helped “graduate” 17 of the 23 countries (three in 2004) on the FATF (Financial Action Task Force) list of non-cooperative countries and territories by improving their anti-money laundering performance. The State/INL-designed and funded Tri-Border anti-terrorist initiative has resulted in the drafting of new legislation, the establishment and enhancement of financial intelligence units and dramatically improved cooperation between the three affected countries.
- **Promoting U.S. and International Security in Afghanistan.** As part of U.S. and international efforts to strengthen Afghan security and stability by rebuilding the national police, FY 2004 and FY 2005 assistance enabled State/INL to establish six new Regional Training Centers (RTC) and a Central Training Center in Kabul, train more than 33,000 policemen in 2004, and implement a comprehensive Ministry of Interior reform program.

- **Undertaking Critical work with Pakistan to Strengthen Institutions and Security.** As part of the global war on terrorism and designation as a Major Non-NATO Ally, Pakistan demonstrated commitment to combat transnational threats such as terrorism, organized crime, and narcotics trafficking. Pakistan is making noteworthy progress toward sealing a porous 1,500-mile border with Afghanistan against infiltration by drug traffickers, terrorists, and other illegal armed groups, including through the use of helicopters and fixed-wing aircraft provided by the Department of State. Moreover, with the assistance of the Department of State, Pakistan border guard units have been steadily expanding their surveillance of border areas and have increased both the number and effectiveness of their counter-drug and counter-insurgency operations.
- **Protecting our Border and Working with Mexico to Partner Against International Threats.** FY 2006 programs will continue to focus on breaking up major drug trafficking organizations and established new mechanisms to increase security along our common border. Programs continue to support Mexico's steps to modernize its justice sector and are significantly improving our ability to coordinate at the operational level. INCLE funds were used to purchase 13 state-of-the-art Non-Intrusive Inspection Equipment (NIIIE) machines for the Mexican Customs Department which, within months of installation, have aided in the seizure of millions of drug dollars in cash. A \$1 million machine at the Mexico City Airport, for example, seized over \$5 million in its first four months in operation. State/INL also installed the Advanced Passenger Information System (APIS) in Mexico, a \$4 million communications system to screen passengers on flights between Mexico and the United States; within one week of operation, a "hit" led to the arrest of a fugitive by the U.S. Marshals Service. In the few months that it has been in operation, APIS has resulted in several additional "hits" of highly sought-after fugitives.
- **Combating Trafficking in Persons.** As a part of the fight against trafficking in persons, INCLE funds supported training and technical assistance to foreign governments, civil society and non-governmental organizations to increase arrests and prosecutions of traffickers as well as improve legal advocacy for victims. Between FY 2002-2004 in approximately 58 countries, police, prosecutors, border officials, and judges received training and technical assistance to recognize trafficking, improve interview techniques, and build and manage trafficking cases. In addition, INCLE funds supported 18 projects promoting regional law enforcement cooperation on trafficking in persons and 16 global projects related to research and prevention awareness programs targeted at government officials and non-governmental organizations.
- **Fighting Corruption that Undermines U.S. Economic Interests and Security. Fighting Corruption that Undermines U.S. Economic Interests and Security.** The Department led successful negotiations in 2002 and 2003 to develop the UN Convention Against Corruption, the first global treaty against corruption, and is beginning to provide technical and diplomatic support to promote its acceptance and implementation. The Department also initiated work on G-8 Compacts as a vehicle for providing assistance to countries that commit to strengthen transparency in the areas of public procurement and management of public finances. The Department continues to support regional anticorruption mechanisms that complement our efforts with the UN Convention.
- **Confronting Cyber Crime.** This assistance is particularly timely given the growing support globally for achieving the standards set by the Council of Europe Cybercrime Convention ("COE"). Support for initiatives that provide cyber crime training and technical assistance promote adherence to the COE standards and assist nations and regions to combat the inherent cross-border nature of cyber crime. Additionally, the rising levels of Internet and network connectivity, and a concomitant rise in cyber

crimes, require the development of robust multilateral and bilateral initiatives to support political will and build capacity in nations and regions that require law enforcement assistance to meet their needs.

Fighting the Multi-Billion Dollar Theft from U.S. Companies by International Intellectual Property (IPP) Piracy. The State Department designed and implemented the first global comprehensive training and technical assistance program to combat violations of intellectual property rights in foreign nations. In collaboration with other USG agencies, these programs are providing nations/regions with the law enforcement training necessary to enforce intellectual property laws. Additionally, the programs are building capacity for foreign law enforcement officers, prosecutors, and members of the judiciary to arrest and prosecute criminals who violated intellectual property laws.

International Narcotics Control and Law Enforcement
(\$ in thousands)

	FY 2004 Actual	FY 2005 Estimate	FY 2006 Request
Africa			
Liberia	-	5,000	2,000
Nigeria	2,250	2,232	1,000
South Africa	1,770	1,756	600
Africa Regional	2,830	1,512	600
Subtotal - Africa	6,850	10,500	4,200
East Asia and the Pacific			
Indonesia	-	-	5,000
Laos	2,000	1,984	1,000
Philippines	2,000	3,968	2,000
Thailand	2,000	1,608	1,000
Subtotal - East Asia and the Pacific	6,000	7,560	9,000
Europe and Eurasia			
Malta	-	2,976	-
Subtotal - Europe and Eurasia	-	2,976	-
Near East			
Iraq	-	-	26,474
Morocco	-	2,992	2,000
Subtotal - Near East	-	2,992	28,474
South Asia			
Afghanistan	-	89,280	260,000
Afghanistan ERF	50,000	-	-
Afghanistan SUP	170,000	-	-
Pakistan	31,500	32,150	40,000
Subtotal - South Asia	251,500	121,430	300,000
Western Hemisphere			
Bahamas	1,000	992	500
Guatemala	3,000	-	2,500
Haiti	-	-	15,000
Jamaica	1,500	1,488	1,000
Mexico	37,000	39,680	30,000
Latin America Regional	4,850	3,224	2,000
Subtotal - Western Hemisphere	47,350	45,384	51,000

International Narcotics Control and Law Enforcement
(\$ in thousands)

	FY 2004 Actual	FY 2005 Estimate	FY 2006 Request
Global			
Anticorruption/Rule of Law	-	6,746	3,000
Asia Regional	1,000	496	-
Civilian Police Program	2,700	2,678	2,700
Demand Reduction	5,000	9,920	3,000
INL Anticrime Programs	11,324	8,333	10,000
International Law Enforcement Academies	14,500	12,734	13,500
International Organizations	12,200	5,000	10,000
Interregional Aviation Support	70,000	69,440	70,000
Program Development and Support	13,850	13,850	14,000
Systems Support and Upgrades	5,000	694	-
Trafficking in Persons	12,000	4,960	5,000
United Nations Crime Center	1,000	496	-
Subtotal - Global	148,574	135,347	131,200
Total	460,274	326,189	523,874

Africa
(\$ in thousands)

Account	FY 2004 Actual	FY 2005 Estimate	FY 2006 Request
INCLE	6,850	10,500	4,200

Liberia (\$2.0 million) - Consistent with the President's priorities, strengthening Liberia's law enforcement and anti-terrorist capacity is a key US priority. We want to ensure civil order in the region and reduce the potential for criminals or terrorists to threaten Liberia's fragile peace or take advantage of Liberia as a haven for money laundering, arms smuggling and trafficking in persons, diamonds and timber.

Liberia has only the barest law enforcement and judicial infrastructure and little capacity to control its borders or enforce its laws. INCLE funds will continue to assist Liberia develop a credible and competent police force.

INCLE funds will provide non-lethal material and technical assistance to reestablish a national police force. INCLE funds will also be used to sustain 12 U.S. police officers to the civilian police component of the United Nations Mission in Liberia (UNMIL) to assist training, vetting, monitoring, and advising the new Liberian Police Force.

Nigeria (\$1.0 million) - Sophisticated and entrenched, Nigerian criminal organizations are transnational in scope and have a direct impact on the United States. In Nigeria, funding will be directed at counternarcotics and financial crime units that are working closely with U.S. law enforcement organizations against transnational crime.

INCLE programs in Nigeria in FY 2006 are designed to achieve key U.S. foreign policy objectives of improving the performance of the criminal justice sector, strengthening democratic institutions, and protecting the United States against international crime. FY 2006 funds will continue interdiction training and technical assistance for the National Drug Law Enforcement Agency.

FY 2006 funds will be used to provide training and technical assistance to the newly created Economic and Financial Crimes Commission (EFCC), as well as INTERPOL and the Special Fraud Unit of the Nigerian Police Force. The overall goals are increased GON investigations and prosecution of financial crimes and public corruption, and increased cooperation with partner nations on money laundering cases.

South Africa (\$.6 million) - South Africa is an anchor for stability and prosperity in the Southern African region and is a catalyst for encouraging other African countries to address crime, terrorism and immigration threats. Assisting South Africa on law enforcement and judicial issues addresses U.S. priority goals of supporting a stable and prosperous South Africa, fighting transnational security threats and creating a favorable climate for investment in the region. The FY 2006 program will build upon efforts undertaken in previous years in the professionalization of the police department.

FY 2003 funds were used to begin a technical police advisory program for the Johannesburg Metropolitan Police Department (JMPD). FY 2006 funds will be used to continue this program and to assist with the expansion of JMPD training programs to other municipal police services in South Africa and the South African Police Service (SAPS). FY 2006 funds will be used to fund an independent evaluation of the JMPD training facility and the implementation of USG recommendations. Funds will also provide for limited equipment donations. The overall goal of the project to professionalize the JMPD service will be measured by an established model training facility for municipal police forces.

Africa Regional (\$6 million) - Criminal activities throughout Africa corrupt and weaken governments, sap precious resources, and undermine democratic reform, economic growth and foreign investment. INCLE crime and drug programs in West, Southern and East Africa (Senegal, Kenya, Mozambique, and Tanzania) support the development of professional and sustainable law enforcement and criminal justice institutions. By making Africa less attractive to criminal elements, INCLE programs foster the rule of law, forming the bedrock upon which the USG's broader goals of democracy and prosperity rest.

Funds will provide training, technical assistance and equipment to combat illegal migration and trafficking in people, narcotics and other contraband; and to develop democratic policing with an emphasis on human rights and ethics.

Funding will be directed at national efforts to tighten border control without hindering legitimate commerce. Emphasis will be on improving border control and interdiction efforts at sea, land and air ports of entry. Sustainable and institutional reform of law enforcement and criminal justice sectors will be supported through modernizing teaching curricula and teaching methodologies at law enforcement academies and through organizational change management.

Law enforcement development in Tanzania and Kenya will utilize the train-the-trainer approach, in-service professional development and community policing. Forensic laboratory programs in Tanzania and Senegal will continue to receive training, technical assistance and resource upgrades. In Mozambique, training and equipment will support the border security program initiated in 2005.

East Asia and the Pacific

(\$ in thousands)

Account	FY 2004 Actual	FY 2005 Estimate	FY 2006 Request
INCLE	6,000	7,560	9,000

Indonesia (\$5.0 million) - Indonesia, the largest Muslim country in the world, is a center of transnational criminal activity and home base for international terrorist groups that threaten the region, U.S. allies, and the United States. Indonesia recognizes the need for and has requested assistance with police recruitment and basic and advanced training, marine police reform, environmental crimes, cybercrime and financial crimes, drug law enforcement and criminal justice reform.

Training, technical assistance and equipment will support the development of the Indonesian National Police and its Marine Police component into modern and effective civilian forces respectful of the rule of law and human rights. Technical assistance and training in the areas of criminal investigative skills and anticorruption measures, including the development of standards of operations, will be integrated into the police-training program. Funding will be provided to attack corruption and reform the criminal justice sector through the development of police-prosecutorial task force. INCLE funds also will be used to begin the close-out phase of the police instructor program (“train-the-trainer”).

Laos (\$1.0 million) - Often unnoticed, Laos is the world’s third largest producer of illicit opium and has the potential of producing significantly higher yields. INCLE funds will support successful programs in alternative development, crop control, drug law enforcement and demand reduction.

These projects will support additional road construction in Phongsali and Luang Prabang provinces to assist farmers in poppy growing regions with market access, government services and food production. Modest amphetamine treatment centers will be constructed and staffed.

Continued modest support for equipment and supplies donation will be limited to the Counternarcotics Units (CNU), which have demonstrated good performance. Training and technical assistance to the Lao Customs Department and the Lao National Commission for Drug Control and Supervision will continue.

Philippines (\$2.0 million) - As a strategic ally, the Philippines lies at the crossroads of the global wars on terror and drugs. Weaknesses in the Philippines law enforcement and judicial sectors hamper its ability to combat terrorism and other transnational crimes. A comprehensive assessment of the Philippine National Police (PNP) will be conducted in 2005 with anticipated active participation by Post’s Law Enforcement Working Group.

Funds will provide leadership, investigatory, and organizational training and technical assistance to assist the Philippine National Police to develop an effective civilian police force. Training for the PNP will be offered using a train-the-trainer philosophy. Police and prosecutors will be integrated in the courses in order to improve the working relationship between police and prosecutors. Funding will also support the continuation of a senior technical advisor to the PNP and a State Department Narcotics Affairs Officer (NAS).

Thailand (\$1.0 million) - Thailand is a key partner with the U.S. and a leader in efforts against drugs and crime, though it remains a hub of transnational criminal activity. Despite demonstrated long-term success against narcotics production and trafficking, its criminal justice, regulatory and investigative capabilities are

inadequate for the challenges of 21st century transnational and organized crime. A modest program implemented by the American Bar Association will be funded to fight corruption in the criminal justice system in order to enhance judicial ethics. Funds will be used to support drug control assistance and crime control, including funding for demand reduction and regional narcotics control.

Near East Asia

(\$ in thousands)

Account	FY 2004 Actual	FY 2005 Estimate	FY 2006 Request
INCLE	-	2,992	28,474

Iraq (\$26.474 million) - The establishment of a professional, capable police force of 135,000 is an integral component of the national security strategy in Iraq. FY 2005 supplemental funding is being requested to train, equip, and mentor this police force. The FY 2006 International Narcotics Control and Law Enforcement (INCLE) funding request will continue to be focused on key police, justice, and prisons programs through the provision of bilateral technical assistance and support to the Ministries of Interior and Justice. Up to five senior advisors, one to each of the Iraq Criminal Justice System's (ICJS) components -- police, border enforcement, prosecutors, courts and prisons -- will be assigned to assist ongoing Iraqi reform and development of these institutions. In addition to mentoring senior Iraqi leadership, advanced and specialized training programs will enhance the overall organizational management skills of all ICJS components. Police, legal, judicial and correctional advisors and trainers will be deployed to provide assistance and instruction. A small support capability will be maintained in country to provide logistics, transportation and security support for advisors and trainers deployed to Iraq.

Ministry of Interior/Iraqi Police Service - FY 2006 INCLE funds for Iraq will support the assignment of senior police advisors to the Iraq Police Service (IPS) to continue the process of organizational development. The cadre will be led by the senior-most advisor who will, in addition to furnishing advice and guidance to the Director General (DG) of the IPS, as required by him, in terms of civilian police operations and development, function as Police Program Manager. An additional five advisors shall be assigned to specific IPS functions with the approval of the DG, including training academy, planning, internal controls, criminal investigations and traffic. A major initiative will be an assessment of appropriate personnel requirements based upon applicable levels of public disorder, crime and other needs for police services. Predicated upon the extent to which previous training has been incorporated within police managerial and operational practices, specific, advanced and specialized training and technical assistance programs shall be initiated to:

- Strengthen IPS leadership at senior, mid- and first-line supervisory levels;
- Develop an organizational climate which is consistent with principles of policing in a free society;
- Build police technical skills; and
- Develop the IPS training and self-development capacity so that the organization is capable of self-sustaining continuous improvement.

Ministry of Interior/Border Enforcement (Border Police, Immigration and Customs) - Subject to the approval of the Minister of Interior and the Director General of the Iraqi Department of Border Enforcement (DBE), a total of three advisors will be assigned to each of the principal functions of the Department: border police, customs and immigration. As required by conditions extant at the time, the three advisors shall focus their efforts on providing training, mentoring and/or technical assistance to assist the GOI in maintaining the integrity of the country's borders.

Justice Sector (Prosecutors and Courts) - Two legal advisors shall be deployed to Iraq to build on the work of their predecessors in terms of strengthening the rule of law overall, and building the required skills of investigating and trial magistrates and the judiciary at appellate levels of the country's newly independent

courts. Working in conjunction with prosecutors and judges, the advisors shall identify and prioritize specific, continuing areas of need and develop/procure technical assistance and/or training to meet those needs. Specific emphasis shall be directed towards promptly and effectively investigating, prosecuting and adjudicating crimes committed by those seeking to interfere with the processes of delivering essential services to the general public or establishing and operating democratic governmental institutions, as well as those intended to disrupt public confidence in the future of Iraq as a stable and viable democracy.

Corrections - Maintain correctional advisors assigned to the Iraq Ministry of Justice to assist the Iraq Corrections Service build the capability to operate newly developed correctional facilities in an effective manner, consistent with commonly accepted principles of corrections in a free society. The focus of the work of the advisors will continue to be mentoring newly-appointed senior Iraq correctional executives to build their leadership, planning, managerial, and developmental skills with an eye toward creating a self-sustaining process of organizational improvement.

Morocco (\$2 million) - Funding will be used to provide training and technical assistance for U.S. Customs trainers to work with Moroccan counterparts on border control detection techniques at land and seaports. These funds will also be used for the purchase of commodities, such as detection/scan technology for use at border crossings. Specialized training in community-oriented policing techniques will be provided to local communities, along with assistance to Moroccan law enforcement institutions in training and complex case management analysis. Funds will also be used to expand an automated fingerprint identification system initiated in FY 2005.

South Asia
(\$ in thousands)

Account	FY 2004 Actual	FY 2005 Estimate	FY 2006 Request
INCLE	31,500	121,430	300,000
INCLE-ERF	50,000	-	-
INCLE-SUP	170,000	-	-

Afghanistan (\$260 million)

Counternarcotics - Afghanistan is the world's largest producer of illicit opium, and production continues to grow at record-setting levels. The drug trade funds terrorist activities, undermines central government authority, and contributes to the instability that allows extremist elements inimical to the U.S. to operate.

Working in close coordination with the Government of Afghanistan and the United Kingdom, INCLE programs will seek to reduce opium poppy cultivation, strengthen counternarcotics law enforcement efforts, and increase Afghan government coordination and oversight of national drug policy and programs.

Funding will support:

- eradication programs,
- demand reduction programs, and
- a national anti-drug campaign.

Funding for the eradication program will provide for the salaries, living expenses, equipment, transportation, and continued training of the Government of Afghanistan's eradication teams, including force protection personnel.

INCLE funds will also help finance community-based demand reduction programs aimed at rehabilitation and anti-drug education for youth and rural communities through school curriculum and other community activities.

The FY 2006 funding for a national anti-drug campaign will publicize eradication and enforcement activities; make clear the connections between the drug trade and conflict, crime, and corruption; work through radio, television, print media, community leaders, and elected officials; and support and strengthen the strides the Afghan government has made in its national drug control program in the past two years.

Police - FY 2006 INCLE funds for Afghanistan will support the efforts of the Transitional Islamic State of Afghanistan (TISA) to firmly establish a stable democracy able to provide for its own internal security. A critical building block for long-term security is the development of a competent national police, border police, and highway patrol.

The United States continues to support the efforts of lead country Germany in training the Afghanistan National Police and complements long-term institutional development goals by focusing on basic skills training for existing police and lower-ranked new police.

FY 2004 supplemental funds and FY05 funds enabled DOS to significantly accelerate its police assistance to Afghanistan. The Department trained and provided personal equipment packages to over 33,000 police by the end of CY 2004 by establishing Regional Training Centers (RTC) in key provincial locations throughout Afghanistan. The Department also developed a comprehensive Ministry of Interior (MOI) reform program and deployed thirty (30) senior police advisors to the MOI in Afghanistan to assist with implementation.

Similarly, FY 2006 funds for the national police, border police and highway patrol officers will provide the resources to continue training efforts in order to reach the goal of up to 62,000 trained officers. INCLE funds will also support institutional capacity needs to ensure that the Afghan MOI is in a position to support a democratic police force. Funds will be used to:

- Support maintenance and operation costs for our six (6) INL Regional Training Centers (RTC) and the Central Training Center in Kabul and police trainer-advisors to continue to deliver a basic training program for low-level officers and deliver specialized courses that build on basic training previously provided to the police;
- Complete Ministry of Interior (MOI) reform efforts, which focus on organizational development, community policing initiatives, revenue-generating initiatives, establishment and enforcement of standard operating procedures, reform of the salary and personnel systems.

Justice Sector - DOS's role in restoring the rule of law in Afghanistan is vital to ensuring stability, promoting human rights, and encouraging economic growth. Three strategic objectives form the foundation of the INCLE-funded justice sector activities in Afghanistan: (1) development of the institutional capacity of the permanent justice sector institutions; (2) development of the operational capacity of the criminal justice sector actors to fairly and transparently investigate crimes and prosecute/punish offenders; and (3) professionalization of justice sector personnel.

FY 2006 funds will enable continuation of the work with the Government of Afghanistan, the Italian lead and the rest of the International Community to strengthen the rule of law throughout Afghanistan as well as provide support for the development of the corrections system. Funds will support:

- Development of infrastructure including expansion of court construction to district levels;
- Advisory support to the Ministry of Justice, Attorney General and Supreme Court;
- Specialized training for judges and prosecutors on issues such as corruption, trafficking, counternarcotics and prosecutorial investigations;
- Support for institutional development of legal institutions;
- Provision of coordinated trainings for law enforcement and justice sector personnel;
- Support for the bar association and licensing development, for legal aid centers and general professionalization of the legal sector. The reintegration of women into the legal system will remain a focus through FY 2006.

INCLE funds will also be used to support development of the correction systems, to contribute to the establishment of temporary detention facilities, to provide correctional personnel advising and training

emphasizing human rights and support for the institutional capacity within the MOJ addressing salaries, training programs and a prisoner tracking system and database.

Pakistan (\$40.0 million) - Pakistan is a critical ally in the war on terror. Its 2,500-mile border with Afghanistan and Iran runs through remote mountainous and desert terrain that is easily exploited by terrorists, drug traffickers, and other criminals. Law enforcement institutions currently lack the capability to adequately investigate the serious threats posed by terrorists and other extremists. At the same time, resurgent opium poppy cultivation in Pakistan--due in part to massive cultivation in neighboring Afghanistan--must be eradicated before its economic impact becomes too deeply rooted.

FY 2006 funding will build upon the successful implementation of prior year programs in three areas: border security, law enforcement, and counter-narcotics. Funds will be used to construct roads in the Federally Administered Tribal Areas (FATA) to expand the presence of Pakistani security forces in previously inaccessible terrain. Additional checkpoints will be constructed at key intersections. Commodities such as vehicles, communications equipment, and long-range optical devices will be provided to civilian border agencies. Beneficiaries will include the Ministry of Interior, Anti-Narcotics Force, Frontier Corps, Federal Investigative Agency, Home Departments, and provincial police forces.

FY 2006 funding will provide ongoing maintenance, support, and operating costs for the USG-established Ministry of Interior Air Wing based in Quetta, Balochistan province to conduct anti-terrorism and counterdrug missions. Funding will further extend air mobility to a new forward operating base to service the North West frontier province and the FATA.

Technical assistance, training and equipment for Pakistani law enforcement authorities will be provided to increase investigative and forensic skills, build accountability, and develop internal controls and leadership skills. Likewise, implementation of the Automated Fingerprint Identification System and national criminal information databases funded in previous years will be expanded to link federal and provincial law enforcement agencies. To reduce opium cultivation, FY 2006 funds will support the continued expansion of alternative crop programs into non-traditional growing areas, poppy crop control, and demand reduction efforts through a public awareness campaign.

Western Hemisphere

(\$ in thousands)

Account	FY 2004 Actual	FY 2005 Estimate	FY 2006 Request
INCLE	47,350	45,384	51,000

Most drugs reaching the United States come from South America through three vectors: Central America/Mexico (the Eastern Pacific or Western Caribbean routes) and the Caribbean. Programs supported in these areas are also centerpieces in the DOS effort to achieve recordable and sustainable successes in this ‘tipping point’ moment in the hemisphere, both for counter-narcotics and counter-terrorism. INCLE funds aim to disrupt the flow to enable local countries to interdict and capture traffickers and the proceeds of their trade and fight related organized crime.

Bahamas (\$0.5 million) - Funds will be used to support Bahamian Police participation in Operation Bahamas Turks and Caicos (OPBAT) program through training and technical assistance.

Guatemala (\$2.5 million) - Within Central America, this country presents unique narcotics transshipment and corruption issues. An estimated 70 percent of drugs destined for the United States go through the Central American corridor, particularly Guatemala, before entering Mexico. INCLE funds will provide training, equipment, and other support to the Anti-Narcotics Police (SAIA), the prosecutors of the Public Ministry, and the Guatemalan Government demand reduction organization (SECCATID) to improve their ability to detect, capture, interdict and prosecute drug traffickers. Funding will also support eradication of opium poppy and marijuana. Finally, as the need to address corruption in key government institutions is high, funding will support special prosecution units (anti-narcotics, anti-corruption and anti-money laundering) in coordination with USAID’s judicial reform efforts.

Haiti (\$15.0 million) - Reforming and developing the criminal justice system will be key to the long-term goals of stability and economic development in Haiti. Funds will be used to enhance the accountability, functioning, and training capacity of the Haitian National Police (HNP). This will be accomplished by working in coordination with the United Nations and other donors to assist in the training of new HNP recruits, to vet and train existing officers, provide equipment and infrastructure repairs to facilitate mobility and communications, to continue the development of a forensics and investigative capacity, support the development of the Inspector General function, and establish a personnel system that ties employment to pay.

INCLE funds will also be used to continue the contribution of up to 35 U.S. police officers to the civilian police component of the UN Mission in Haiti (MINUSTAH) to assist training, vetting, monitoring, and advising the new Haitian National Police.

To stem the drug flow through Haiti, funds will also support DEA’s Special Investigative Unit and the development of the Haitian Coast Guard’s interdiction capability, as well as the efforts of the government’s Financial Investigative Unit to combat money laundering and corruption.

Jamaica (\$1.0 million) - Funds will provide equipment and training for a vessel maintenance program for the Jamaican Defense Force Coast Guard and support an expanded Customs Contraband Enforcement Team and the Jamaican Constabulary Force’s Fugitive Apprehension Team, Narcotics Division Counter-Drug Special Investigative Unit, and National Intelligence Bureau.

Mexico (\$30.0 million) - Mexico's counterdrug effort is critical to the effectiveness of the U.S. national strategy. Over 80% of South American drugs enter the U.S. via Mexico and Mexico's territorial waters, and Mexico is itself a major provider of heroin, methamphetamines and marijuana. In addition, US-Mexican cooperation in ensuring border security is critical to our domestic security. INCLE programs will focus on continuing to strengthen and modernize Mexico's criminal justice and security sector institutions and to support their ongoing successful efforts to dismantle major trans-border drug trafficking groups and related threats. These efforts will include such activities as providing specialized training, upgrading computer equipment, and improving operational readiness of rapid response units. Funding will partially upgrade the aging helicopter fleet of the Office of the Attorney General and support the Mexican Air Force's C-26 program, both of which will enhance interdiction capabilities. Funds will also be used to support border security projects agreed to under the U.S.-Mexico Border Security Accord. These include additional procurement of non-intrusive inspection systems, development of a computer information system to screen passengers coming to the United States, border safety training, and construction of designated lanes for pre-cleared low-risk commuters throughout the border.

Latin America Regional (\$2.0 million) - These funds are directed to three sets of countries; the drug transit zones of Central America and of the Caribbean, plus the key Tri-border region in South America. In the drug transit zones, funding will go towards improving endgame interdiction capabilities. Funding for the Caribbean region will focus on interdiction, law enforcement, tactical and operational intelligence gathering and the administration of justice, with an emphasis on sustainability. In Central America, funding will continue to support efforts to modernize justice sector institutions and legal frameworks to allow successful prosecutions of drug traffickers, money launderers, alien smugglers and corrupt public officials. We will also work with governments to address the problem of youth gangs. Bridging growing concerns on both drug trafficking and terrorism, particularly in the Tri-border Area, funding provided to Paraguay will support programs to disrupt cocaine trafficking and improve investigative and prosecutorial efforts aimed at disrupting potential sources of funds for trafficking groups, which support terrorists.

Program Assessment Rating Tool (PART)/Performance Evaluation

For preparation of the FY 2006 budget, the Administration evaluated the Department's International Narcotics, Crime and Law Enforcement Programs in the Western Hemisphere using the Program Assessment Rating Tool (PART). The program was rated as Adequate. OMB's review reported that State "...is on track to meet or exceed its long-term goals for reducing the production of pure cocaine and interdicting drug shipments from the Andean region." The program primarily seeks to support counter-narcotics and other law enforcement operations, and strengthens home countries' capacities to conduct such activities in the Western Hemisphere. Countries covered by the Andean Counternarcotics Initiative (ACI) had a separate evaluation. INCLE-WHA focuses mainly on the countries responsible for trafficking narcotics into the U.S.: Mexico, Guatemala, Jamaica and the Bahamas, which together account for more than 70% of U.S.-bound trafficking of cocaine, heroin, and marijuana.

Key Indicators: (1) Reduce transit and border zone flow of cocaine and heroin into the U.S. by 50% by 2010; (2) Foreign nation seizures of illicit drugs per INL program costs; and (3) Increase illicit drug seizures in Transit Zone countries as compared to the total potential production of cocaine from the Andean Region shipped to the US.

Global
(\$ in thousands)

Account	FY 2004 Actual	FY 2005 Estimate	FY 2006 Request
INCLE	148,574	135,347	131,200

Anticorruption Compacts (\$3.0 million) - The G-8 Anticorruption Compacts were announced by President Bush and G-8 leaders at the Evian and Sea Island summits in 2003 and 2004. Four countries – Peru, Nicaragua, Georgia, and Nigeria – have entered into such Compacts and, along with G-8 and other donors, have begun to identify and commit to take concrete actions in several areas considered key to preventing corruption, including the management of public finances, public procurement, and engaging civil society. The Department is beginning to provide assistance under these Compacts using FY 2005 funds. The request will allow the Department to continue the program in the initial four Compact countries.

Civilian Police and Rule of Law Program (\$2.7 million) - Continues to support development of U.S. institutional capabilities to provide civilian police, justice, and corrections advisors and trainers to support civilian components of international peacekeeping missions, complex security operations and related activities. Key program elements include:

- Sustain basic capacity of three existing Department of State (DOS) contracts to recruit and select highly qualified individuals who are available to train, equip, deploy, and serve as US advisors and trainers assigned to peacekeeping missions and complex security operations in Kosovo, Haiti, Liberia, Serbia & Montenegro, Macedonia, Afghanistan and Iraq;
- Maintain certification in each U.S. state of the basic pre-deployment training program throughout and further develop relationships with federal, state and local law enforcement associations, organizations, and unions;
- Improve deployment capabilities to support quick response of assessment teams, advance teams, and technical advisors.
- The FY 2006 program also continues to support a training coordinator and police advisor, and a position established at the U.S. Mission in New York responsible for working with the U.N. Department of Peacekeeping Operations. Funds also support DOS program management and oversight efforts and responsibilities.

Demand Reduction (\$3.0 million) - The Demand Reduction/Drug Awareness program seeks to reduce the worldwide demand for illicit drugs by motivating foreign governments and institutions to give increased attention to the deleterious affects of drug abuse on society. INCLE funding supports a key National Security Presidential Directive (NSPD) on International Drug Control Policy objective of “expanding U.S. international demand reduction assistance and information sharing programs in key source and transit countries.” As opposed to drug production and trafficking, the NSPD addresses rising global demand for drugs as the principal narcotics-related threat to the U.S. The NSPD further notes that the linkage between drug trafficking organizations and international terrorist groups constitutes a serious threat to U.S. national security by generating money that increasingly threatens global peace and stability. Funds will assist countries to reduce drug consumption, thereby helping to preserve the stability of society and government while reducing a principal source of revenue for trafficking and terrorist groups. INCLE funds support the

development of national, regional and international coalitions of private/public sector social institutions, the faith community, and law enforcement entities, enabling the USG to mobilize international opinion and cooperation against the drug trade, encourage governments to develop and implement strong anti-drug policies and programs, and strengthen support for USG counter-narcotics policies and initiatives.

The demand reduction budget request will support international demand reduction programs that address Presidential priorities including the formation and enhancement of effective drug-free community coalition programs in key drug producing countries that assist civil society/grassroots organizations in fighting illegal drugs. These public/private sector coalitions work towards reducing substance abuse among youth, enhancing intergovernmental collaboration, and strengthening collaboration among organizations and agencies in both the private and public sectors. INCLE funding will sustain the Colombo Plan's regional network of Muslim, faith-based demand reduction organizations in the Middle East and Southwest/Southeast Asia. Given the priority on improving America's image and relations with Muslim countries, these networks provide the Department with a unique opportunity to deliver services in regions critical to the U.S. for cooperation in the worldwide coalition against terrorism. Addiction Technology Transfer Centers will disseminate the most effective approaches for delivering science-based prevention, treatment and violence reduction services. Funds will also be used to continue research-based, cross-cultural prevention and treatment programs whose results can be used to improve U.S.-based services.

Anticrime Programs (\$10.0 million) - The international crime threat to U.S. national interests is manifest in multiple areas. We confront not only a dire terrorist challenge but also the unprecedented spread of transnational criminal groups that exploit the vulnerabilities of the global economy to amass illicit wealth using increasingly sophisticated and creative means.

More than ever, effective international law enforcement cooperation is essential to ensure global stability and protect American communities, businesses and financial institutions. Included in this year's funding are both institution-building programs and global and regional diplomatic efforts.

- **Anti-Money Laundering/Terrorist Financing.** INCLE funding supports Administration priorities in addressing terrorist financing and money laundering threats to the United States. The supported efforts include assessments, technical assistance and training programs for approximately two dozen countries most vulnerable to terrorist financing as well as countries that are on the Financial Action Task Force (FATF) "non-cooperative" list such as Indonesia and the Philippines. These comprehensive programs focus on creating robust anti-money laundering/anti-terrorist financing regimes, law enforcement capabilities and regulatory schemes.

INCLE funds also support international organizations like the FATF and the seven FATF-style regional bodies, which promote the standard-setting and peer reviews vital to fighting terrorist financing and money laundering, as well as organizations such as the OAS/CICAD and U.N. Global Programme against Money Laundering, that provide anti-money laundering/anti-terrorist financing training and technical assistance to countries and regions.

In FY 2006, a new initiative will be the development of a "FIU in a Box" – a scaled down version of the sophisticated software used by Financial Intelligence Units (FIUs) in large economies. "The FIU in a Box" will be a self-contained set of expandable software that can be provided to small jurisdictions, cost very little, but will enable the new FIUs to fulfill all usual functions, including sharing information with foreign analogs. INCLE funds will continue to support the nascent Trade Transparency Units initiative --modeled on FIUs--to better track and detect the movement of funds by terrorists and other criminals through alternative remittance systems that lie outside the formal financial sector and the nascent regionally-based technical assistance/training program in the Pacific Islands. DOS will

continue its preliminary effort to develop a similar regional program in Central America to provide efficient use of resources in areas trying to establish comprehensive anti-money laundering/anti-terrorist financing regimes.

- **Border Controls.** Funding will be used to continue to support the President's East Africa Counter Terrorism Initiative (EACTI) and the new requirements detailed in the International Ship and Port Security Code (ISPS). Efforts will be made to provide technical assistance and training to developing nations with porous borders and weak infrastructures. Basic police training will be provided with emphasis given to law enforcement officials with border security responsibilities. Vulnerability assessments will be conducted of significant ports and reports will be prepared detailing their shortcomings and suggested remedies. Port security plans will be drafted where necessary and low cost recommendations for covering glaring security weaknesses will be provided.
- **Alien Smuggling.** The smuggling of illegal migrants, which can serve as a vehicle for terrorist entry into the United States, is a major national security concern. Funds for this program will help support the newly created Human Smuggling and Trafficking Center—a joint State/Justice/Homeland Security center that has begun to collect, analyze, and disseminate intelligence and other information to facilitate coordinated international law enforcement efforts against illegal alien smuggling and trafficking in persons.

The Center will prepare two required reports for Congress. The first will be based on an assessment of vulnerabilities in the United States that can be exploited by alien smugglers, traffickers, and terrorists. The second will be a report on the status of implementation of the Center with information identifying staffing and resource needs. In addition, the Center will produce strategic assessments and reports of special interest.

- **Cyber Crime, Cyber Security and Intellectual Property Rights Crime.** This assistance is particularly timely given the growing support globally for achieving the standards set by the Council of Europe Cybercrime Convention ("COE"). Support for initiatives that provide cyber crime training and technical assistance promote adherence to the COE standards and assist nations and regions to combat the inherent cross-border nature of cyber crime. Additionally, the rising levels of Internet and network connectivity, and a concomitant rise in cyber crimes, require the development of robust multilateral and bilateral initiatives to support political will and build capacity in nations and regions that require law enforcement assistance to meet their needs. Funds will also be used to sustain and expand the comprehensive program of some two dozen initiatives started in Asia, Africa, and Latin America in FY 2004 to address Intellectual Property Rights crimes.
- **Anti-corruption.** INCLE funds will be used to build on the initiatives launched at the 2004 G-8 summit, where the U.S. Government committed to a multilateral effort to develop anti-corruption compacts in Nicaragua, Peru, Nigeria, and Georgia. As part of the President's anticorruption foreign policy goals, INCLE funding also will support several international mechanisms (including at the UN, Council of Europe, OAS, and the OECD) to promote implementation of anticorruption commitments made by over 60 governments, ensuring the translation of these commitments into action by supporting peer-review evaluations and directing technical assistance to strategic countries.

International Law Enforcement Academies (ILEAs) (\$13.5 million) - INCLE funds will continue to support the work of established ILEAs in Bangkok, Budapest, Gaborone and Roswell, New Mexico. In addition, DOS continues to negotiate for the establishment of a new ILEA in Latin America to address areas of strategic importance to the United States. If established, this ILEA is expected to deliver pilot training sessions in FY 2005 and should deliver its full training program in FY 2006. Other activities in FY 2006

will include implementing modified curricula for core and specialized curriculum that targets areas of growing international criminal activity such as terrorism, financial crimes, corruption and trafficking in persons.

International Organizations (\$10.0 million) -

- **United Nations Office on Drugs and Crime, Drug Program (\$6.0 million).** The United Nations Office on Drugs and Crime (UNODC) is the major multilateral organization providing assistance to combat drugs and crime. Many countries unable to develop and finance their own bilateral assistance programs provide support to UNODC. U.S. support for the organization complements INCLE and ACI bilateral programs and allows us to leverage U.S. funds to gain increased buy-in and support from a broader array of donor countries. As the only multilateral institution providing technical assistance on a global basis for the development of modern law enforcement, financial regulatory and judicial institutions and practices, UNODC has a unique role in supporting the development of modern national legislation corresponding to obligations set forth by the three UN anti-drug conventions, the UN Convention against Transnational Organized Crime (TOC), the UN Convention Against Corruption (CAC), and the 12 universal instruments against terrorism. It is also the only multilateral institution that provides technical assistance on a global basis for the establishment of effective national regimes to combat money laundering and terrorist financing.

UNODC offers an invaluable multilateral option through which to pursue U.S. objectives. UNODC is a steadfast ally in support of strict enforcement efforts against illicit drugs, organized crime, and terrorism as required under international law. The organization's ongoing programs act as force multipliers for the aforementioned foreign policy priorities and also allows us to better reach areas where U.S. bilateral assistance has proven either impractical or prohibited due to broader political circumstances.

DOS support to UNODC programs in FY 2006 will build on ongoing international programs that enhance law enforcement, judicial, and financial institutions in developing countries.

Funds will be used to continue support to several UNODC regional projects to track the flow of precursor chemicals to manufacture illicit drugs, to train law enforcement officials, and to support the International Narcotics Control Board's global database of precursor chemical shipments and legitimate industrial needs.

In the past, INCLE funds have supported UNODC efforts to help reduce illicit opium production in traditional growing areas within Southeast Asia. INL funding in FY 2006 will continue to support the implementation and monitoring of alternative development projects within opium producing areas in this region.

Funds will also support UNODC efforts to help states pass or strengthen legislation to prohibit and penalize illicit drug trafficking, money laundering, terrorist financing, and other ancillary crimes and improve mutual legal assistance, extradition, and asset forfeiture cooperation in compliance with UN drug-control treaties.

Finally, as a complement to these efforts, INCLE funds will support the extension of UNODC on-the-ground technical assistance to additional countries in order to promote the ratification and implementation of the UN TOC and the 12 legal instruments against terrorism.

- **OAS Inter-American Drug Abuse Control Commission (CICAD) (\$4.0 million).** CICAD - the drug commission of the Organization of American States (OAS) - is the principal counternarcotics

policy forum and inter-governmental program implementer in the Western Hemisphere. Through CICAD, the United States has fostered a greater acceptance of shared responsibility for the drug problem and stimulated a strong regional commitment to fight the drug trade. CICAD's Secretariat conducts a wide range of practical programming and training that complements the USG's bilateral programs in the region. In particular, CICAD's programs promote practical cross-border cooperation between neighboring states.

In an on-going effort to raise cooperation, INCLE funding will be focused principally on the Multilateral Evaluation Mechanism (MEM) – a peer review system for assessing national anti-drug performance – and providing follow-on training and technical assistance to address gaps or deficiencies identified by the MEM in the anti-drug programs of individual governments.

Interregional Aviation Support (\$70 million) - In FY 2006, the Interregional Aviation budget will continue to provide the core level services necessary to operate a fleet of 187 fixed and rotary wing aircraft supporting aviation activities in Colombia, Bolivia, and Peru, border security operations in Pakistan, and, as needed, programs at other temporary deployment locations. Operations include eradication, mobility, interdiction, monitoring, and logistical support. The primary focus will continue to be on the aggressive aerial eradication of Colombian coca and poppy, where U.S.-funded planes sprayed over 131,500 hectares of coca and approximately 3,000 hectares of poppy in 2004. This marks the fourth consecutive year of record spray results, and 2002 and 2003 totaled a 33 percent net reduction in coca cultivation in Colombia. Aviation services in Bolivia and Peru will continue to support manual eradication as well as limited interdiction efforts in Peru and Bolivia. Also, in 2005, the Air Wing will deploy an aerial recon team to Peru over several weeks to locate and mark illicit poppy fields for subsequent eradication. DOS-owned aircraft provide Pakistan with an Air Wing capability for integrated helicopter, fixed-wing, and ground forces operations in day, night, or using night vision goggles (NVG); it is used to provide surveillance along the porous, 1500-mile Afghan-Pakistan border area to permit interdiction of trafficking in persons, narcotics, arms, and other contraband, as well as to assist in monitoring areas where opium poppy is cultivated to permit eradication efforts. Finally, the establishment of host-government self-sufficiency remains a central goal for Air Wing operations in each country.

Program Development and Support (\$14 million) - These funds support domestic administrative operating costs associated with the Washington-based INL staff, including additional salaries and benefits of U.S. direct hire employees, personal services contracts, rehired annuitants and reimbursable support personnel, maintaining information resource management systems, and administrative support expenses, such as office equipment rental, telephone services, printing and reproduction, miscellaneous contractual services, materials, supplies, furniture, furnishings and equipment are essential components which are included in the FY 2006 budget.

Trafficking in Persons (\$5.0 million) - Funds will be directed at those Tiers 2 (especially Watchlist) and 3 countries of the 2005 Trafficking in Persons Report as well as less developed countries in Tier 1 and countries not listed in the report but which have a growing problem or a demonstrable need for resources.

Uses of this funding will include:

- Training for police, prosecutors, judges and immigration officials on investigating and prosecuting traffickers and monitoring international borders;
- Legislative assistance;
- Equipment such as computers, forensic crime kits, radios, and vehicles for anti-trafficking women and children police units or taskforces;

- Awareness training by NGOs or international organizations for law enforcement officials on appropriate treatment of victims; Awareness program to prevent sex tourism.
- Creation of victim sensitive forensic interview rooms; establishment of national hotlines; and,
- Development of anti-trafficking curriculums for police academies; and a mapping project for a particular region to pinpoint anti-trafficking services compared to trafficking hot centers.

The use of these funds will be coordinated with other anti-trafficking resources such as the \$12 million requested under Economic Support Funds.

Andean Counterdrug Initiative

(\$ in thousands)

Account	FY 2004 Actual	FY 2005 Estimate	FY 2006 Request
ACI	737,587	725,152	734,500

The FY 2006 request of \$734.5 million will continue to support programs aimed at eliminating the cultivation and refining of cocaine and opium to reduce the flow of drugs to the United States and building Andean law enforcement infrastructures to find, arrest and prosecute traffickers and seize their assets, thereby disrupting the narco-terrorist nexus and enhancing the rule of law.

Bolivia (\$80.0 million) - FY 2006 funds will be used to further reduce coca cultivation; control the diversion of (licit) Yungas coca to cocaine production; interdict Bolivian and transshipped Peruvian cocaine; expand demand reduction programs in schools; maintain appropriate ready-rates for land, riverine and air assets that support eradication and interdiction operations; provide training to police and prosecutors; improve efforts against money laundering; and extend alternative development to tens of thousands of families in the Chapare and Yungas. Specifically, FY 2006 funds will enable the GOB to (1) interdict at least 14 percent of Bolivia's potential cocaine production; (2) continue forced eradication in the Chapare and maintain voluntary eradication in the Yungas; (3) maintain control over the marketing mechanisms for legal coca; (4) form a national drug prevention network and extend the DARE program to middle-school students; (5) maintain 95% operational readiness for maintenance and support provided by the Blue Devil Task Force (BDTF) for riverine operations and the Green Devil Task Force (GDTF) for ground operations; (6) maintain 80% availability rate for four UH-1Hs and four UH-119s; (7) maintain an operational readiness rate of 95% for three C-130B aircraft; (8) pass transnational crime legislation; (9) provide advanced training to police officers and prosecutors; (10) increase detection, arrests and prosecution of major criminal organizations; (11) improve performance of anti-money laundering investigative units; (12) effect changes in money-laundering legislation; (13) train a specialized group of money-laundering prosecutors; (14) pass complementary legal reforms and regulations enabling effective implementation of the Code of Criminal Procedure (CCP); (15) establish sustainable integrated justice centers in conflictive regions of the country; (16) extend alternative development to 30,000 farm families in the Chapare and 3,500 in the Yungas; and (17) increase the wholesale value of licit products leaving the Chapare to \$40 million.

Brazil (\$6.0 million) - FY 2006 funds will support Brazil's interagency Operation COBRA, (Colombia and Brazil) which is aimed at fortifying the northern border with Colombia through riverine controls linked to a tactical command center in Tabatinga. FY 2006 funds will be used to build up and strengthen law enforcement and drug interdiction border control projects PEBRA (Peru and Brazil) and VEBRA (Venezuela and Brazil). Funds will also enhance federal, state, civil and military law enforcement capabilities by providing operational support and equipment to conduct more effective investigations and interdiction operations against specific international narcotics cartel leaders and their associates. In addition, the project will continue to build on training already provided by DOS and other USG agencies to enhance port and airport security, and to counter narcotics trafficking activities such as arms trafficking and money laundering.

Colombia (\$463.0 million) - Recent success in disruption of the market via eradication and interdiction have taken us to a "tipping point" in program success. Aggressive spraying in 2004 offset replanting and new cultivation causing a significant reduction in coca and poppy cultivation. We have been able to exceed our PART annual performance measures of 130,000 hectares of coca sprayed and meet our baseline expectation for flight hour cost for aerial eradication. This success has caused an increase in the operational pace throughout our programs. FY 2005 funding is being used to maximize drug interdiction and eradication efforts by the Colombian National Police (CNP) and the Colombian Army (COLAR).

In FY 2006, the program will continue moving towards a “maintenance spraying” phase that will strive to keep illicit crop production from reemerging – a step that is likely to involve as many, if not more flight hours as drug plantations become smaller and more dispersed. CNP and COLAR units trained and equipped in previous years will receive follow on training to cement professionalization, decrease corruption, foment respect for human rights, and improve operational effectiveness. In FY 2006, we will also see an increase in missions, area of operations, and number of vetted units receiving U.S. support due to the increased operational pace. Funds will also support infrastructure improvements, CNP training, and establishment of secure and interoperable communications and intelligence systems needed to keep pace with recent success and increased operational pace against the narcoterrorists.

In addition to air assets committed to spray operations, funds will support 82 crucial COLAR helicopters (maintenance and repair, training and operations, and fuel) throughout Colombian territory. Additional military equipment, including maintenance and operations of facilities and general operational support, will be provided to the Counterdrug Brigade with the eventual goal of having the GOC perform and fund the majority of maintenance, once the operational pace has leveled off.

Continued funding for alternative development and institutional building will be directed towards long-term projects. These projects are aimed at creating sustainable changes in the culture and economy, and so by design remain essentially stable over many years to allow the new patterns of thought and behavior to become entrenched. FY 2006 funds will be used to:

- Expand market access and build a licit agricultural economy;
- Support vulnerable groups such as internally displaced persons;
- Deepen Colombia's commitment to democracy; and
- Promote the “rule of law.”

Programs associated with peace and human rights activities promote:

- Expanded government and human rights protection infrastructure;
- Further expansion of judicial capabilities and infrastructure will continue to facilitate justice administration and viable peace initiatives including support for programs to reintegrate former members of illegal armed groups in conjunction with USAID, PRM, DRL and WHA; and
- Transparency and accountability in all public offices.

Ecuador (\$20.0 million) - Programs in Ecuador are closely tailored to meet specific aims. These programs will aim to stop the spillover of narcotrafficking from Colombia along the country's key northern border and the transit of drugs destined for the United States through ongoing programs and new initiatives. The latter include:

- Construction of a port cargo inspection station and counternarcotics police base in Esmeraldas province;
- Construction of an integrated checkpoint in La Troncal, Loja province;
- Construction of supporting helipads;
- Construction of integrated base/checkpoints at San Jeronimo, Imbabura and Y de Jobo, El Oro;
- Renovation of the Pichincha counternarcotics police headquarters.

More generally, funding will continue essential support for counternarcotics police, port and canine operations, including:

- The acquisition of law enforcement and communications equipment;

- The purchase, maintenance, repair and operational costs of vehicles;
- Aviation support; and,
- The cost of providing a port advisor from the Department of Homeland Security's Immigration and Customs Enforcement Division (DHS/ICE).

Other projects will provide police and judicial training essential to improving the detection and seizure of drugs and drug-related contraband.

In addition, ACI funds will focus on improving criminal prosecutions, money laundering and chemical investigation and enforcement units.

The northern border region projects will focus on improving local infrastructure (e.g., power grids, roads and bridges) as well as social and health conditions, and assisting municipal governments in implementing participatory democracy.

Panama (\$4.5 million) - Panama is one of the world's principal money laundering centers and major transportation hubs in the Western Hemisphere. It is, therefore, important in countering international crime and terrorism. As Colombia's immediate neighbor to the north, Panama offers one of the first opportunities to interdict drug shipments moving north to the United States. Funds will provide institutional development and operational support to Panama's public forces and law enforcement agencies. FY 2006 funds will be used to promote professionalization within the agencies of the Ministry of Government and Justice (MOGJ) and Public Ministry (PM), training, anti-corruption activities, information management and exchange, case tracking, and a criminal database. Operationally, funds will provide training and equipment to support border control, air mobility and maritime interdiction, including support against narco-trafficking and narco-terrorist threats in the remote Darien border region and in coastal areas. Working closely with USAID and other bilateral and multilateral donors, DOS will support programs aimed at combating corruption, improving governance and respect for the rule of law, including adoption of modern police management systems.

Peru (\$97.0 million) - Success will be methodically reinforced in Peru. In order to make further inroads into coca cultivation, FY 2006 funds will support the forced and voluntary eradication of illicit coca and opium poppy cultivation. These funds will pay for training, advisors, vehicles, aircraft maintenance services, ground-based infrastructure, communications and support equipment for the GOP. Funds will also support:

- Enhanced law enforcement interdiction efforts against the operations of major Peruvian trafficking organizations;
- Continued support for an counternarcotics coordination to facilitate air, ground, and water-based law enforcement endgames;
- Targeted port control efforts; and,
- Maintenance of the DOS-owned air assets used by the Peruvian police, which provide aerial transportation support for all of the above goals.

Similarly, funding for alternative development supports the voluntary eradication of coca and related local-level infrastructure and economic development activities, broader commercial development activities in coca areas and their surrounding regions (including sustainable forest management), policy development and institutional strengthening activities to improve GOP capacity to implement its national counter-narcotics program, and a communications program supporting all of these components.

In accord with a comprehensive strategy, these development efforts are directly linked to progress in reducing drug-crop cultivation on a regional basis.

Venezuela (\$3.0 million) - New challenges face us in Venezuela and require a continued commitment. The amount of cocaine transiting Venezuela is estimated to be at least 150 metric tons per year. The geographic location and terrain of Venezuela present attractive opportunities to drug traffickers seeking to move their product from Colombia, which shares a 2,200 kilometer border. Funding for interdiction efforts will focus on improving security at key airports, seaports, and border points of entry. Funds will be used to train and equip small, dedicated units to intercept drugs (as well as conventional explosives, chemical weapons, and radioactive materials) and to conduct post-seizure investigations into the trafficking networks.

Expert American advisors will be funded to provide continuous on-location guidance, training, and oversight on operational procedures, professional conduct, and employment of equipment. The program will also provide ongoing procedural and integrity training to police investigators, public prosecutors, and judges.

Air Bridge Denial Program (\$21.0 million) - As a cornerstone of deterrence and narco-trafficking efforts, the Air Bridge Denial (ABD) program in Colombia supports ACI regional interdiction efforts directly. Core funding will continue contractor logistical support (CLS), and training for the Colombian Airbridge Denial Program. All ABD aircraft are now employed in Colombia only.

In Colombia, the CLS will support all five (5) Cessna Citation aircraft and two (2) C-26 tracker aircraft. CLS includes:

- All aircraft and sensor equipment spare parts.
- Maintenance, to include daily, periodic and phase maintenance and technical support for all aircraft and sensor systems.
- Training of pilots, sensor operators and Colombian mechanics for all aircraft and sensor systems.
- Improvements to Colombian ABD Program Command Control and Communications networks. Personnel who provide USG safety oversight of the Colombian ABD Program. These personnel oversee the Colombian Air Force in the Colombian Air Force Command and Control Center (CCOFA) and on the seven (7) tracker aircraft.
- Any infrastructure improvements that allow the Colombian Air Force to forward deploy to remote airfields closer to the Colombian borders.

Critical Flight Safety Program (\$40.0 million) - The Department of State Air Wing has an immediate need for a Critical Flight Safety Program (CFSP) to upgrade its severely aged aircraft fleet to commercial standards in order to sustain the counter-narcotics and counter-terrorism missions. The declining condition of the fleet presents the mission and our aircraft with a crippling reality of increased costs for amplified maintenance man-hours and material requirements, and degraded performance capability. In many cases aircraft have evidence of severe structural failures that have caused the Air Wing to ground aircraft. Many of the Air Wing's fleet are excess defense aircraft that are no longer supported or are being discontinued in the Department of Defense (DoD) inventory. Most of our airframes have not gone through any major Programmed Depot Maintenance. Many aircraft are over 35 years old and have greater than 10,100 airframe hours. DoD typically removes from service helicopters that were flown in excess of 4,000 hours.

Additionally, major components are obsolete and no longer being manufactured or have limited repair capability. In many cases these components such as engine assemblies are experiencing premature removals far more frequently and never reach time-life expectancy. Failure and removal rates of major components are compounded by the incidence of ground fire and operations in a high optempo environment. These factors make managing readiness and controlling cost an extremely difficult challenge.

Maintenance modification and replacement initiatives are crucial in eliminating existing and unforeseen aircraft deficiencies. These initiatives will increase the operational reliability and logistics supportability of the Air Wing's aged aircraft inventory. The initiatives include fixes such as selective rewiring, critical airframe upgrades, selective component replacement, and retrofitting obsolete components. This will successfully control many age related costs and sustain the capability. These initiatives require immediate attention.

Program Assessment Rating Tool (PART)/Performance Evaluation

For preparation of the FY 2006 budget, the Administration evaluated the Department's Andean Counterdrug Initiative using the Program Assessment Rating Tool (PART). The program was rated as Adequate. The ACI program is a unified campaign against drug trafficking and the criminal organizations who benefit from it in key source and transit countries, including Colombia, Peru, Bolivia, Ecuador, Venezuela, Panama and Brazil. ACI also directly addresses the source of nearly 100% of the cocaine entering the United States, as well as the social and economic situations that have pushed the poor to cultivate illicit crops and allowed narcoterrorists and drug traffickers to prosper for so long in the Andean region.

Key Indicators: (1) Reduce potential production of cocaine, measured in metric tons of pure cocaine, from Colombia, Bolivia, and Peru. (Both Peru and Bolivia have licit markets for coca.) For 2001 there were 995 metric tons; (2) Increase in country capacity to conduct aerial eradication operations efficiently; and (3) Increase drug seizures, measured in metric tons of cocaine, from Bolivia, Colombia, Ecuador, and Peru as compared to potential production.

Andean Counterdrug Initiative
(\$ in thousands)

	FY 2004 Actual	FY 2005 Estimate	FY 2006 Request
Andean Counterdrug Initiative			
Bolivia Total	91,000	90,272	80,000
<i>Bolivia - Alternative Development/Institution Building</i>	41,752	41,664	37,000
<i>Bolivia - Interdiction</i>	49,248	48,608	43,000
Brazil Total	10,200	8,928	6,000
Colombia Total	473,900	462,767	463,000
<i>Colombia - Alternative Development/Institution Building</i>	149,279	124,694	124,757
<i>Colombia - Interdiction</i>	324,621	310,694	310,850
<i>Colombia - Rule of Law</i>	-	27,379	27,393
Ecuador Total	35,000	25,792	20,000
<i>Ecuador - Alternative Development/Institution Building</i>	14,912	14,880	11,540
<i>Ecuador - Interdiction</i>	20,088	10,912	8,460
Guatemala Total	-	992	-
Nicaragua Total	-	992	-
Panama Total	6,487	5,952	4,500
Peru Total	116,000	115,370	97,000
<i>Peru - Alternative Development/Institution Building</i>	49,705	53,866	43,000
<i>Peru - Interdiction</i>	66,295	61,504	54,000
Venezuela Total	5,000	2,976	3,000
Air Bridge Denial Program	-	11,111	21,000
Critical Flight Safety Program	-	-	40,000
Total	737,587	725,152	734,500

Migration and Refugee Assistance

(\$ in thousands)

Account	FY 2004 Actual	FY 2005 Estimate	FY 2006 Request
MRA	755,712	763,840	892,770
MRA-SUP	25,000	-	-

Humanitarian response is a key U.S. national interest in the joint Department of State/U.S. Agency for International Development Strategic Framework and is an integral element of other critical foreign policy objectives. It is also consistent with our traditions and values. In the past year, the U.S. Government has responded to humanitarian emergencies in Haiti, Chad/Darfur, and the West Bank and Gaza, while continuing to address humanitarian needs in such diverse places as the North Caucasus, Democratic Republic of the Congo, and Nepal. In FY 2004 USG funds supported the return of over 1.5 million refugees and internally displaced persons (IDPs) to Afghanistan, Angola, Burundi, Iraq, and Liberia.

The Migration and Refugee Assistance (MRA) and the Emergency Refugee and Migration Assistance Fund (ERMA) appropriations are two of the primary funding mechanisms for demonstrating our compassion internationally. Funds appropriated to the MRA and ERMA accounts are managed by the Department of State's Bureau of Population, Refugees, and Migration (PRM). MRA funds are appropriated annually in response to projected twelve-month requirements. The FY 2006 request for MRA will fund protection and assistance activities overseas, admission of refugees to the United States, international migration activities including resettlement of humanitarian migrants to Israel, and the administrative expenses of PRM.

Key MRA funding priorities in FY 2006 include: responding to emergency requirements of new refugees, such as the Sudanese in Chad; continuing our support for the return and reintegration of refugees and IDPs in Afghanistan, Angola, Liberia, Iraq, Sudan, and Burundi; increasing refugee admissions; continuing efforts to enhance the protection of refugees and conflict victims, including programs that guard against the exploitation of beneficiaries of humanitarian assistance; and pressing other donors to provide their fair share of assistance to international humanitarian organizations so that programs can meet internationally-accepted standards. MRA resources are directed toward four major categories:

Protection, Assistance, and Durable Solutions

To support global protection and assistance requirements for populations of concern, PRM focuses MRA funds on the following three priority areas:

- Ensuring access to effective protection and first asylum for refugees and conflict victims, and, in certain cases, IDPs. Protection of women and children is a priority given their numbers and vulnerability.
- Providing humanitarian assistance across geographic regions according to internationally accepted standards.
- Preventing refoulement (involuntary return to a place where a person would face persecution), promoting access to asylum, and promoting durable solutions, including sustainable reintegration of refugees in countries of origin.

U.S. refugee policy is based on the premise that the care of refugees and other conflict victims and the pursuit of permanent solutions for refugee crises are shared international responsibilities. Although just one of many donors, the United States is in most cases the largest individual donor. The majority of refugee assistance funds (almost 87 percent in FY 2004) are provided multilaterally through international

organizations (IOs). Funding is also provided bilaterally to non-governmental organizations (NGOs) that fill gaps in the international community's multilateral response. The primary recipients of U.S. funds and their major activities are discussed in the Overseas Assistance sections that follow.

Refugee Resettlement

The refugee resettlement request reflects a significant increase in resources, consistent with the Administration's commitment to revitalize and grow this program. FY 2006 will see an even greater effort to develop resettlement caseloads, while maintaining the higher level of funding needed for operational security during processing. The current reality is that smaller groups in numerous, often remote and dangerous, locations are most in need of resettlement. This adds to the challenge and the cost.

To implement this program, PRM provides funding to the UN High Commissioner for Refugees (UNHCR), the International Organization for Migration (IOM), and U.S. NGOs and other contractors, both overseas and domestically. The FY 2006 request will support continuing efforts to identify resettlement caseloads, process them for admission to the United States and provide initial reception and placement services. MRA funds to UNHCR are targeted to increase its capacity worldwide to screen populations and refer caseloads for resettlement. IOM receives MRA funds for overseas processing functions in some locations and transportation-related services for all refugees admitted under the U.S. program. MRA funds also support numerous U.S.-based NGOs involved both in overseas processing functions and in domestic reception and placement services.

International Migration

U.S. international migration policy aims to promote sound migration management, which balances governments' respect for the human rights of migrants with responsibility to maintain the security of borders. To support efforts to manage international migration flows humanely and effectively, PRM participates in a range of multilateral dialogues relating to migration and supports activities to promote international understanding of migration, with a special emphasis on protection of the basic human rights of migrants, including asylum seekers and victims of trafficking. PRM works closely with IOM, which works with governments, other international organizations, and voluntary agencies and provides operational services for humanitarian migration and technical assistance to governments and others interested in the development of migration policy, legislation, and administration. PRM supports IOM anti-trafficking programs focusing on identification of victims, return transportation and reintegration assistance. PRM also provides support for humanitarian migration and integration of humanitarian migrants to Israel.

Administrative Expenses

Responsible and appropriate programming and monitoring of PRM resources requires a skilled and flexible workforce capable of responding to international crises, managing resources of over \$900 million, and handling an array of significant humanitarian policy issues. The costs of this workforce -- both domestic and overseas positions -- are paid by the Administrative Expenses line of MRA. This includes all salaries and benefits as well as operating expenses for domestic and overseas offices. The FY 2006 request for administrative expenses is \$22 million. It includes mandatory wage increases and inflationary costs. The budget request for the Department of State's Diplomatic and Consular Programs includes costs related to a small staff dedicated to international population policy management.

Overseas Assistance

(\$ in thousands)

Account	FY 2004 Actual	FY 2005 Estimate	FY 2006 Request
MRA	552,667	554,752	607,720
MRA-SUP	25,000	-	-

The FY 2006 request for Overseas Assistance will provide support for large-scale return and reintegration to places such as Afghanistan and Sudan and also continue the provision of life-saving protection and assistance to millions of refugees and conflict victims in places like Kenya, Thailand, and Colombia.

Primary International Organization partners include:

The United Nations High Commissioner for Refugees (UNHCR), PRM's principal international partner, is mandated by the UN to lead and coordinate international action for the worldwide protection of refugees and the resolution of refugee problems. UNHCR promotes international refugee agreements and monitors governments' compliance with international refugee law and standards. It also seeks to minimize the threat of violence, including sexual assault, to which many refugees are subject, even in countries of asylum. UNHCR seeks to promote lasting solutions for refugees, including voluntary repatriation, local integration, and resettlement to a third country. The agency also works with partners to ensure that refugees' basic needs such as water, shelter, food, and medicine are met. In 2006, UNHCR will continue efforts to direct protection and assistance activities toward refugee women and children, who comprise the majority of most refugee populations.

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

The United Nations Relief and Works Agency for Palestine Refugees in the Near East (UNRWA) has a continuing mandate from the United Nations to provide education, health, relief, and social services to the over four million registered Palestinian refugees located in Jordan, Syria, Lebanon, and the West Bank and Gaza.

The International Organization for Migration (IOM) works with governments, other international organizations, and voluntary agencies to provide for the orderly and humane migration of persons in need of such services. IOM works in seven service areas: assisted returns, counter-trafficking, migration health, movements, mass information, labor migration, and technical cooperation on migration.

The Department intends to use the funds requested for FY 2006 to provide an appropriate U.S. share to the calendar year 2006 requirements of the IOs listed above. Generally, USG funding aims to meet 20-25 percent of these IOs' funding requests.

U.S. support may also be provided to other IOs and NGOs as required to meet specific program needs and objectives. Other IOs receiving MRA funds in the past include the UN Children's Fund (UNICEF), the UN Office for the Coordination of Humanitarian Affairs (OCHA), WFP, and the UN Development Program (UNDP). The six largest of the thirty-one NGO recipients of MRA or ERMA funds for overseas assistance in FY 2004, in order of magnitude, were the International Rescue Committee, the International Medical Corps, the American Refugee Committee, the Cooperative Housing Foundation, CARE, and the

International Catholic Migration Commission. Programs of non-governmental organizations may commence at any point in the fiscal year, with funding typically provided for a twelve-month period.

The Department may reallocate funds between regions or organizations within the overseas assistance request in response to changing requirements.

Program Assessment Rating Tool (PART) / Performance Evaluation

In preparation of the FY 2006 budget, the Administration for the second time evaluated the U.S. contribution to the United Nations High Commissioner for Refugees (UNHCR), as administered by the Department, using the Program Assessment Rating Tool (PART). The program was rated as effective, with one of the highest scores in the federal government. The program has a clear purpose: to help ensure a comprehensive response to the protection and assistance needs of refugees and to help provide refugees with lasting solutions. The PART review notes that the program partner is aware of the PART's short and long-term performance measures, and efforts in the past year suggest it is taking USG priorities seriously in striving to address them. The PART review also found that each long-term performance measure has at least one accompanying annual performance measure that is ambitious and demonstrates progress in achieving the long-term goal. The review further found that close cooperation and consultation has existed for many years between UNHCR and the Department, leading to agreed upon goals that appear in the "Framework for Cooperation." The review concluded that the program provides for the protection and care of refugees on a multilateral basis, allowing the United States to advance its objectives, while providing only a portion of the costs of the programs.

Key Indicators: (1) Number of fully-funded permanent, international, professional posts in the "protection" area within UNHCR; (2) Development and adoption/utilization of enhanced financial/supplies tracking system; and (3) UNHCR provides assessment of all refugee needs in countries with greater than 25,000 refugees.

Assistance Programs in Africa

(\$ in thousands)

Account	FY 2004 Actual	FY 2005 Estimate	FY 2006 Request
MRA	201,387	229,351	256,500
MRA-SUP	25,000	-	-

MRA assistance will contribute to the basic needs of up to three million refugees and a similar number of conflict victims spread across the African continent (both sub-Saharan and North Africa). The FY 2006 request reflects the potential for large-scale return and reintegration of as many as 50 percent of Africa's refugees in the next two to three years. In addition to return movements underway across the continent from Liberia to Angola to Somalia, we face major opportunities to advance solutions for refugees from Burundi and Sudan. At the same time, continued humanitarian assistance will be needed for vulnerable populations unable to return home, in such diverse places as Chad, Kenya, Sudan, the Democratic Republic of Congo (DRC), Zambia, and Cote d'Ivoire.

Key challenges include: weakening donor response owing to urgent priorities elsewhere; protracted and seemingly intractable refugee situations such as those of Somali refugees in Kenya and Western Saharan refugees in Algeria; the concomitant disasters of drought/famine and threats to refugee health, including HIV/AIDS and malaria; concerns about the neutrality and security of refugee camps; and problems of humanitarian access to populations in need.

Protection, both legal and physical, including protection of women and children from sexual violence and from recruitment into armed conflicts, has become more challenging in Africa. Support is planned for ongoing protection programs in Africa, including increased UNHCR protection staffing. Basic humanitarian assistance has not always been up to international standards in such life-sustaining sectors as nutrition and water/sanitation, and contributions to UNHCR and other implementing partners will continue to seek to address these gaps. UNHCR repatriation and reintegration assistance for refugees able to return home usually includes transportation, a small package of household and agricultural items to facilitate the returnees' re-establishment, and limited rehabilitation of social infrastructure, such as clinics and water projects, in the home community. There will continue to be a focus on the enduring challenge of achieving a coordinated hand-off to development agencies that can most effectively deal with post-conflict reconstruction.

In Africa as elsewhere, ICRC, often in partnership with other elements of the International Red Cross and Red Crescent Movement, is called upon to provide relief and protection in the most difficult and dangerous areas of countries caught up in armed conflict, where success depends largely on securing the cooperation of the warring parties. This sensitive task has become even more difficult, as parties to conflict have increasingly rejected the principle of neutral humanitarian assistance. The ICRC program in Africa provides protection and assistance to conflict victims and displaced persons, assistance to political prisoners and prisoners of war, and tracing services (for detainees and family members separated by conflict).

NGOs are key partners of IOs in Africa, often in specialized areas such as health care, water and sanitation, food distribution, and education. Funds will be provided directly to NGOs to complement the programs of UNHCR and to bring basic assistance up to international life-sustaining standards of care. UNICEF, IOM, WFP, and other international organizations may also receive funding for assistance activities complementary to those of our key partners.

Assistance Programs in East Asia

(\$ in thousands)

Account	FY 2004 Actual	FY 2005 Estimate	FY 2006 Request
MRA	20,404	21,321	21,500

The FY 2006 request includes continued support for UNHCR and ICRC programs throughout the region and critical programs of non-governmental organizations (NGOs) that assist Burmese refugees in Thailand. In addition, the international community has asked UNHCR and ICRC to assist in the response to the needs of tsunami victims in Sri Lanka and Indonesia. The U.S. Agency for International Development (USAID) is addressing their requirements, consistent with its mandate to manage U.S. response to foreign natural disasters.

The largest group of refugees in East Asia continues to be Burmese. Of the Rohingya refugees who fled to Bangladesh from Burma in late 1991 to mid-1992, over 230,000 have voluntarily repatriated, but only very small-scale repatriation occurred in 2004. USG contributions to UNHCR in FY 2006 will support remaining refugees in the camps in Bangladesh as well as the reintegration and recovery needs of Rohingyas in Burma who repatriated within the past three years. Those remaining in Bangladesh need a durable solution, and UNHCR is negotiating with the Government of Bangladesh about this caseload.

At the beginning of 2005, about 144,000 refugees from a variety of ethnic groups in Burma still resided in camps in Thailand to which they fled to escape attacks by the Burmese army and its allies as well as from general persecution, such as forced labor and dislocation. The Thai Government continues to cooperate with UNHCR on the registration and protection of refugee camp populations. U.S. contributions to UNHCR will support its protection and assistance work in Thailand.

The FY 2006 request will also continue funding NGOs working in Burmese refugee camps in Thailand. These NGOs address needs not covered by UNHCR or other IOs, including public health programs, water and sanitation, food, fuel and clothing aid, as well as some basic household assistance, such as blankets and mosquito nets.

U.S. contributions to ICRC in East Asia support ongoing programs, such as visits to detainees and emergency relief and medical care for conflict victims. Regional ICRC delegations throughout East Asia largely concentrate on core activities of protection, tracing, dissemination, and medical assistance, including the provision of prosthetics for those injured by anti-personnel landmines.

Misguided agricultural policy and natural disasters since 1995 have led to severe food shortages in the Democratic People's Republic of Korea (DPRK), prompting thousands of North Koreans to flee to the People's Republic of China. Although it is a party to the 1951 Refugee Convention and its 1967 Protocol, China has not allowed UNHCR access to these individuals to assess whether any have claims to refugee status. PRM has advocated for the protection of North Korean refugees in the region and funded basic medical and poverty alleviation programs through UNDP for drought-stricken North Koreans who have crossed the border into northeastern China. PRM anticipates supporting similar requirements in FY 2006.

Assistance Programs in Europe

(\$ in thousands)

Account	FY 2004 Actual	FY 2005 Estimate	FY 2006 Request
MRA	54,558	48,089	44,720

In Europe, a key humanitarian issue in FY 2006 will be the continuing ethnic violence and displacements in Chechnya. Crises in other parts of the Caucasus are expected to continue with no prospects for resolutions in sight in FY 2005. The FY 2006 request reflects decreased needs in the Balkans, but the need for emergency response capacity in the region also continues, especially with final status discussions on Kosovo taking place this year.

In the former Soviet Union, no resolutions of the conflicts in Chechnya, Georgia, Armenia and Azerbaijan appear likely in the short term. Therefore, in FY 2006, continued strong MRA support is necessary for IDPs and refugees created by these conflicts. Some three million people in the Independent States of the Former Soviet Union (IS), who are refugees, displaced persons, returnees, or other migrants, remain in desperate circumstances.

The North Caucasus region of the Russian Federation, which had tens of thousands of IDPs and refugees from several conflicts even before the latest fighting, remains insecure, with reports of disappearances, human rights abuses, and terrorist bombings. Although growing numbers of Chechens are returning home, Chechnya continues to experience armed skirmishes between Russian soldiers and Chechen rebels. Altogether, some 80,000 IDPs remain in the neighboring republics of Ingushetiya and Dagestan. Despite recent cooperation from Russian authorities to allow IDPs the choice of remaining in Ingushetiya, there are repeated attempts to pressure IDPs to return to Chechnya. Within Chechnya, some 200,000 IDPs who lack access to basic shelter, water, sanitation, health care and education and will continue to require assistance.

There has been little progress in resolving the conflicts in Georgia (Abkhazia and South Ossetia) and between Armenia and Azerbaijan (Nagorno-Karabakh). More than 1.3 million people displaced by these conflicts will continue to require assistance in 2006.

PRM's primary focus in the Balkans will continue to be minority returns of IDPs to Kosovo from Serbia-Montenegro and Macedonia; integration assistance will also be needed for those who remain in Serbia. More than 230,000 ethnic minorities remain displaced from Kosovo. Providing options for return for these individuals is key to promoting regional stability and preventing future conflict and is particularly important given upcoming negotiations that will determine Kosovo's final political status. PRM will work through UNHCR and NGOs to facilitate returns.

PRM will continue to support ICRC's unique role in the Balkans to facilitate exchange of information on missing persons, conducting prison visits, and building the capacity of local Red Cross societies.

PRM has partnered with NGOs in the Balkans for the past decade with productive results. We plan to continue this partnership in FY 2006, albeit at a reduced level. Funding will support organizations facilitating the return of minority IDPs to Kosovo. The work of these NGOs complements the work done by UNHCR and the UN Mission in Kosovo.

Assistance Programs in the Near East

(\$ in thousands)

Account	FY 2004 Actual	FY 2005 Estimate	FY 2006 Request
MRA	100,538	98,442	134,000

Facilitating the return of Iraqi refugees and IDPs remains a key priority in this region. Return and reintegration assistance will be required for some 200,000 Iraqis who are projected to return to Iraq in FY 2006, assuming security conditions permit this. Reintegration assistance will also be needed for refugees and IDPs who return in FY 2005. Programs will support activities for voluntary returnees, as well as assist existing populations in neighboring countries until refugees elect for voluntary return. Programs inside Iraq will also help strengthen local structures, like the Iraqi Ministry of Displacement and Migration, so that Iraqi government policies and programs will be responsive to refugee and IDP needs.

The FY 2006 MRA request incorporates continued support for assistance programs of the UN Relief and Works Agency for Palestine Refugees in the Near East (UNRWA), which benefit over four million registered Palestinian refugees in the region. The U.S. has been a major contributor toward UNRWA's programs since it began operations in 1950, under a UN mandate to assist Palestinian refugees in Jordan, Syria, Lebanon, and the West Bank and Gaza. The agency provides education, health care, and relief and social services. UNRWA schools and vocational training centers play a vital role in helping Palestinian refugees become economically self-reliant. U.S. support helps to provide some stability in the lives of the Palestinian refugee population in an increasingly difficult environment and contributes to building a climate conducive to a peaceful resolution of regional problems. Also, support to UNRWA allows it to continue critical security monitoring of its programs and operations in the West Bank and Gaza. The MRA request does not include any funding for UNRWA's emergency operations.

In addition to supporting Iraqi refugees, UNHCR serves more than a half million persons of concern in eight countries of the region: Egypt, Iraq, Israel, Jordan, Lebanon, Saudi Arabia, Syria, and Yemen. Throughout the Near East, UNHCR provides protection and assistance with emphasis on the special needs of women and children, counsels repatriation candidates, assists voluntary returns and reintegration, conducts status determination interviews and resettlement processing, negotiates with host governments regarding conditions for refugees, and provides some vocational skills training and self-help activities.

ICRC activities in the Near East are directed at civilian victims of conflict, people deprived of their freedom (prisoners of war), the wounded and sick, and missing persons. ICRC activities also support civil society, national Red Crescent Societies, and government authorities. ICRC cooperates with national societies on the dissemination of international humanitarian law and on strengthening their tracing services. It runs prosthetic/orthotic centers and trains technicians in this work. ICRC is often the only international humanitarian organization that is able to access areas of civil strife in this region to provide needed protection, medical and other assistance to conflict victims and displaced persons.

Assistance Programs in South Asia

(\$ in thousands)

Account	FY 2004 Actual	FY 2005 Estimate	FY 2006 Request
MRA	73,741	59,098	49,000

The FY 2006 request reflects decreasing assistance needs for Afghans, with the majority of returns having occurred in 2002 – 2005. Reintegration needs as a result of prior large-scale returns will continue, along with the search for durable solutions for refugees in Pakistan and Iran who are unable to return. MRA funds will facilitate the return of up to 700,000 refugees to Afghanistan in FY 2006 through contributions to UNHCR and others, as well as reintegration assistance for some 700,000 returns in 2005. While the returnees receive travel and minimal reintegration assistance, most of them return to damaged or destroyed homes, a devastated physical and economic infrastructure, and little in the way of employment opportunities. The ultimate success of the return and reintegration program will largely depend on the ability of the Afghan government, the United Nations, and the international community to anchor returnees in their home communities by responding to unmet humanitarian needs, rebuilding infrastructure, and creating economic opportunities.

PRM will also continue to support ICRC's programs benefiting victims of the Afghan conflict with a focus on emergency medical assistance and visits to detainees. ICRC runs a number of surgical and field hospitals for war-wounded Afghans and operates orthopedic centers that provide complete rehabilitative services to the disabled. ICRC also provides emergency non-food assistance to the internally displaced and vulnerable, as well as water and sanitation projects in urban areas. Protection and tracing activities are important aspects of ICRC's Afghan Conflict Victims program.

UNHCR estimates that some 2 million Afghan refugees remained in Pakistan, Iran, and Central Asia at the end of 2004, and well over half of these will not repatriate in 2005 due to the security situation, persecution of certain ethnic groups, and Afghanistan's limited capacity to absorb additional returnees. The U.S. Government will need to continue supporting UNHCR and its partners' protection and assistance work on behalf of refugees in these countries. PRM also plans to fund other international organizations and NGOs to supplement the repatriation and reintegration assistance to Afghan refugees.

Bhutan and Nepal have undertaken a bilateral verification process to prepare for the potential repatriation and local integration of 104,000 Bhutanese refugees in seven refugee camps in Nepal. PRM will continue to support UNHCR's activities in the camps until repatriation of selected refugees can begin. UNHCR has provided protection and assistance, including primary education for all refugee children in the camps and teacher training, kerosene for cooking in order to reduce environmental degradation, and income generating and skills projects. In the next two years, UNHCR will aim to ensure that any returns are voluntary, focus on locally integrating Bhutanese refugees, and promote resettlement for the most vulnerable population. UNHCR also supports Tibetan refugees in transit to India by providing them with food, shelter, and health care and maintaining a Reception Center for Tibetan refugees in Katmandu. PRM will also continue to support ICRC's activities in the region.

India is host to over 130,000 Tibetan refugees. The Department supports through the Tibet Fund the immediate needs of approximately 2,500 new Tibetan refugees who arrive in India each year. In addition, with no resolution to the Kashmir conflict in sight, support for ICRC's critical protection of detainees and conflict victims will also continue through U.S. contributions to its regional appeal.

Another important country of humanitarian interest in the region is Sri Lanka. Formal peace talks between the Government of Sri Lanka and the Liberation Tigers of Tamil Eelam (LTTE) were suspended in April 2003, but the ceasefire established in February 2002 continues to hold in 2005. There is widespread pessimism about the stalemate, but efforts by both parties to work together to respond to the December 26, 2004, tsunami might yield positive results. Since the ceasefire, more than 15,000 Sri Lankan refugees (out of 64,000) and 380,000 IDPs (out of 800,000) have returned home. PRM will continue to support UNHCR's and ICRC's activities on their behalf.

Assistance Programs in the Western Hemisphere

(\$ in thousands)

Account	FY 2004 Actual	FY 2005 Estimate	FY 2006 Request
MRA	21,526	23,027	26,000

Assistance to persons displaced by the conflict in Colombia will continue to be a major priority for the United States in the region. For the past several years, the U.S. Government has sought to address the needs of more than two million IDPs inside Colombia, as well as tens of thousands of refugees outside Colombia, through a combination of MRA and special appropriations for the USG's Colombia operations.

Our primary partners in Colombia are ICRC and UNHCR. ICRC is the primary provider of emergency assistance to IDPs in Colombia, and the bulk of our MRA funding in Colombia would go to support its efforts in FY 2006. In 2005, ICRC's budget for its operations in Colombia (with 54 expatriates) is one of its largest in the world. ICRC distributes aid to internally displaced persons in over two-thirds of Colombia's municipalities. Emergency food parcels are a crucial part of its assistance. As needed, ICRC also provides hygiene kits, bedding material, dishes and cooking utensils.

UNHCR is also assisting the Colombian government in responding to the assistance and protection needs of IDPs. Its activities in Colombia include capacity building with IDP associations and the national and local governments. In neighboring countries, UNHCR works with host governments to promote refugee-related legislation, support NGO and local government refugee response, register refugees and asylum-seekers, and assist voluntary returns of Colombian refugees. PRM also provides some assistance to new IDPs through NGOs, most significantly the Cooperative Housing Foundation, which is a major provider of shelter and provides some food/non-food items and psychosocial support as well.

While Colombia represents the most significant humanitarian assistance requirement in the region, ongoing UNHCR and ICRC programs of protection and humanitarian law dissemination throughout the hemisphere are needed to maintain a capacity for dealing with the needs of refugees and conflict victims now and in the future. U.S. contributions will help support UNHCR programs that work with States to establish effective protection regimes, especially given the potential for mass migrations in the region. UNHCR training workshops in the Caribbean are particularly important, as UNHCR has only one position in the region, instead operating through a system of "honorary liaisons." Funds will also be contributed to ICRC assistance programs in Central and South America.

The MRA request also includes funds to meet the Department's commitment to support the needs of Cuban and Haitian migrants at the Guantanamo Bay Naval Base who have been found to be in need of protection and await resettlement in third countries. This requirement was established by Presidential Executive Order 13276.

Strategic Global Priorities

(\$ in thousands)

Account	FY 2004 Actual	FY 2005 Estimate	FY 2006 Request
MRA	63,210	61,705	62,000

The Strategic Global Priorities (SGP) line funds critical cross-cutting, global priorities such as emergency response, security of humanitarian workers, refugee women, refugee children, health, and protection. It supports activities of international and non-governmental organizations that do not appear in any specific regional program (e.g., centrally-funded, multiregional activities). The request for SGP funding will provide U.S. contributions to the headquarters and global program costs of the United Nations High Commissioner for Refugees (UNHCR), the headquarters budget of the International Committee of the Red Cross (ICRC), and the multiregional refugee activities of other international or non-governmental organizations. SGP program activities also include interagency coordination efforts, emergency response units of international organizations, and monitoring and evaluation activities. A particular emphasis of our SGP funding is to promote initiatives in such areas as refugee women and children, gender-based violence (GBV), enhancing refugee protection, registration, and HIV/AIDS prevention, which ultimately become integrated into the regular programs of our partners and lead to more effective and efficient programs in support of refugee needs.

A key priority in funding UNHCR out of the SGP budget line is the prevention of sexual exploitation and the improvement of UNHCR's protection presence in the field. The increasing violence of conflicts, including GBV, large numbers of refugees and displaced persons in the world, most of whom are women and children, and the strain on resources to deal with them has eroded the protection of refugees over the years. The Bureau has worked closely with our NGO and IO partners on prevention of sexual exploitation, and now requires that all our NGO partners have codes of conduct reflecting core principles regarding sexual exploitation. The continuation of the efforts to enhance UNHCR's protection staffing capacity within the organization and the development of an enhanced registration system are also important USG priorities. Funding is also included for UNHCR's Operational Reserve, an important mechanism on which UNHCR's emergency response capacity depends.

Funding for the ICRC headquarters budget covers the permanent activities carried out by ICRC staff in Geneva; field-related costs are normally attributed to the regional appeals. (The contribution to the headquarters budget is paid in Swiss francs, and the dollar amount will vary according to the exchange rate at the time of payment.) The contribution will be calculated at not less than 10 percent of the 2006 ICRC headquarters budget in accordance with the Foreign Relations Authorization Act of 1988 and 1989. The ICRC headquarters budget is funded through voluntary contributions by governments and national societies of the Red Cross/Red Crescent Movement. U.S. contributions to ICRC's regional emergency appeals are described under the previous regional sections of this document.

The SGP budget line also supports positions held by Americans with UNHCR and IOM through the Junior Professional Officer (JPO) and Associate Expert (AE) programs.

Migration
(\$ in thousands)

Account	FY 2004 Actual	FY 2005 Estimate	FY 2006 Request
MRA	17,303	13,719	14,000

International migration activities focus on cooperation with other governments and with international and non-governmental organizations to facilitate humane and effective migration management. PRM's funds for migration activities are primarily disbursed through the International Organization for Migration (IOM). The FY 2006 request for migration activities includes our annual assessed contribution to IOM. As a member of IOM, as authorized in the Migration and Refugee Assistance Act of 1962, the United States pays a 26.327 percent assessment to the organization's administrative budget. (The IOM assessed contribution is paid in Swiss francs, and the dollar amount will vary according to the exchange rate at the time of payment.)

Assistance in this category will be provided to support the international migration policy goals for which PRM has primary responsibility, especially the promotion and protection of the human rights of vulnerable migrants, including asylum seekers and victims of trafficking. PRM plays a key role in overall USG efforts to combat trafficking. A top priority of the FY 2006 request for migration is thus our support for programs to assist trafficking victims, while building the capacity of foreign governments and NGOs to combat trafficking in persons. Anti-trafficking programming is closely coordinated with other U.S. anti-trafficking efforts through the State Department's Office to Monitor and Combat Trafficking in Persons and the inter-agency Senior Policy Operating Group on Trafficking in Persons.

Another principal migration activity is participation in and support for regional migration dialogues. Since 1996, the United States has been involved in the Regional Conference on Migration (RCM), a forum where ten North and Central American governments and the Dominican Republic discuss and cooperate on common migration challenges. In addition, the United States participates in the Intergovernmental Consultations on Asylum, Refugee, and Migration Policies in Europe, North America, and Australia (IGC), an informal channel for senior and mid-level policy officials from the United States, Canada, Australia, and European countries to exchange views and share information. PRM also supports newer regional dialogues, such as the South American Conference on Migration (SACM) and the Migration Dialogue for Southern Africa (MIDSA) for member states of the Southern African Development Community (SADC), and the Bali Ministerial Process on People Smuggling, Trafficking in Persons and Related Transnational Crime. PRM is also actively involved in migration and trafficking issues at the regional level through the Organization of American States and the Summit of the Americas, and at a global level through the UN system.

Refugee Admissions

(\$ in thousands)

Account	FY 2004 Actual	FY 2005 Estimate	FY 2006 Request
MRA	132,464	137,664	223,050

In FY 2006, PRM will continue to work on three priority areas for the admissions program: pipeline development, enhanced security during processing, and high-quality reception and placement services. The increased level of funding for admissions programs in FY 2006 reflects the Administration's commitment to the program.

Africa

African admissions are expected to comprise 40 percent of the allocated program during FY 2005, or some 20,000 arrivals. In fiscal year 2004, African admissions rose dramatically over the previous two years as the backlogged approved cases created by the post-9/11 security environment began to arrive in volume. FY 2005 arrivals will remain high, in part as an ongoing result of that backlog. During FY 2005, PRM will also process new populations in both East and West Africa in need of resettlement. A number of large groups of African refugees for whom no other durable solution appears possible are currently under review for processing and will, along with family reunification cases, comprise the FY 2006 caseload. In FY 2006, the Africa program will continue to be among the larger regional programs.

East Asia

In FY 2005, PRM will finish the processing of Hmong refugees from Wat Tham Krabok in Thailand. Arrivals from this region will likely comprise over 20 percent of the year's arrivals or 10,000-11,000, refugees. PRM is continuing to process urban Burmese refugees in Thailand and a small population of Vietnamese refugees in the Philippines. Otherwise, FY 2005 will see processing of a residual caseload from the Orderly Departure Program and a small number of Amerasian cases in Vietnam. Looking ahead to FY 2006, it is likely that the program will begin processing/admitting significant numbers of Burmese refugees from the border camps in Thailand. UNHCR is also planning to refer a group of Burmese Chin in Malaysia, and this caseload would likely be included in FY 2006 arrivals.

Europe

The FY 2005 program in Europe will include primarily persons from the former Soviet Union and some residual cases from the republics of the former Yugoslavia. Admissions from the former Soviet Union will be religious minorities of special interest to the United States, including Jews, Evangelical Christians, and certain Ukrainian religious activists. The program for some 9,000 Meshketian Turks from Krasnodar is now fully underway, and many will arrive during FY 2005, although some may spill over into FY 2006. In FY 2006, we expect to continue processing the religious minority cases. The Department of State will continue to review other similarly situated ethnic minority groups to the Meshketian Turks in the former Soviet Union for whom third country resettlement may be the best durable solution.

Near East and South Asia

Admission of Iranians (primarily religious minorities) and small numbers of other nationalities are expected to continue in 2005. The U.S. Government will likely continue to admit vulnerable Afghans, including women at risk. The scale of FY 2006 admissions from the region is expected to be similar to that of FY 2005.

Latin America and the Caribbean

Admissions in this region during FY 2005 will comprise in-country processing for Cubans and the small program for Colombians. A significant backlog of Cuban cases was created after 9/11. FY 2005 arrivals are increasing markedly over the previous three fiscal years as the program has largely resolved these processing issues. In FY 2006, arrivals from the region will be similar.

Identification of Costs

All steps in the refugee admissions process involve direct costs to the program. These include initial identification, overseas processing (both before and after the Department of Homeland Security (DHS) interview), medical examination, security screening, transportation, and reception and placement. Funds are also used to support centralized data management and administrative overhead of both the overseas and domestic partners involved in the program. The budget request for refugee admissions funds the programs described below. Funds may also be used for the evaluation of these programs.

Processing

The Department funds UNHCR, IOM, and NGOs to assist with the identification and processing of refugees worldwide for resettlement in the United States. Processing responsibilities include screening applicants to assess their eligibility for interview by DHS adjudicators under the U.S. refugee program. Some applicants interviewed by DHS are not approved for U.S. resettlement. Therefore, more cases are processed during the course of the year than will actually be admitted to the United States as refugees. For approved refugees, processing funds also are used to pay for medical examinations, cultural orientation materials and briefings, and required travel documentation.

In addition to overseas processing operations, the Department funds certain services performed in the United States that are essential to the smooth and efficient operation of the admissions process. This includes maintaining a U.S.-based Refugee Processing Center, which manages the refugee admissions database and case allocation and sponsorship functions.

Transportation and Related Services

For FY 2006, the Administration requests funds for transportation and related services provided by IOM in support of the U.S. admissions program. This activity includes funding for international and domestic airfares, IOM operational support, communications, and transit accommodations where required. The cost of airfare is provided to refugees on a loan basis; beneficiaries are responsible for repaying their loans over time after resettlement. Therefore, the requirement for appropriated funds for refugee transportation in any given year is partially offset by loan repayments made available to IOM from refugees previously resettled.

Reception and Placement Program

Through the Department's Reception and Placement program (R&P), private voluntary organizations and one state agency receive funds to provide basic services to refugees for initial integration into U.S. society. These agencies are expected to augment federal funds by drawing on private cash and in-kind contributions, which are essential to the success of this program. Services include pre-arrival planning, reception at the airport, initial provision of basic necessities, including housing, food and clothing, orientation to their communities, counseling, and referral to local social service programs.

The Department coordinates with the domestic refugee assistance programs administered by the Office of Refugee Resettlement in the Department of Health and Human Services (HHS/ORR), which assumes responsibility for assisting resettled refugees after the initial service period covered by the R&P program.

Program Assessment Rating Tool (PART) / Performance Evaluation

For preparation of the FY 2006 budget, the Administration reassessed the Department's Refugee Admissions to the United States program using PART. In this third PART review, the program was rated as effective. According to the assessment, the program has a clear purpose, planning processes are in place, and the program is well managed. OMB noted that program managers have improved strategic planning, particularly the coordination efforts of program managers to ensure involvement of NGOs, international organizations, and other agencies in the planning process. The program established an efficiency measure and achieved considerable cost savings by consolidating overseas processing entities. The program managers will continue efforts to lower costs still further.

OMB continues to review the roles of the Departments of State, Health and Human Services, and Homeland Security in the U.S. Refugee Admissions Program to ensure there is no duplication. The PART process provided information that was taken into account in the overall decision-making process for resources allocation.

Key Indicators: (1) Refugees resettled in the United States, as a percentage of the allocated ceiling, and (2) Standardized essential services are provided by sponsoring agencies during the period of refugees' initial resettlement in the United States.

MRA Humanitarian Migrants to Israel

(\$ in thousands)

Account	FY 2004 Actual	FY 2005 Estimate	FY 2006 Request
MRA	49,705	49,600	40,000

The FY 2006 request will maintain our support for migrant programs of the United Israel Appeal (UIA). Our grant to the UIA helps finance programs of the Jewish Agency for Israel, which assist in the absorption into Israeli society of Jewish humanitarian migrants coming to Israel from the former Soviet Union, Ethiopia, and other countries of distress. The decrease in the level of our request for this program in FY 2006 reflects a continued decline in the number of migrants to Israel.

Program Assessment Rating Tool (PART) / Performance Evaluation

For the FY 2006 budget, the Administration reassessed the Department's Humanitarian Migrants to Israel program using PART. In its third PART review, the program was rated effective. According to the review, the program is well managed and has a clear purpose: to provide assistance for the resettlement in Israel of humanitarian migrants from the former Soviet Union, countries in Eastern Europe, Africa and the Near East, and other countries of distress. OMB noted that program managers have taken management actions based on findings from the review last year and have coordinated closely with the United Israel Appeal (UIA) to further develop the program's performance measures. The grant agreement signed between UIA and the Department this past year incorporated PART measures, an action which contributed to a higher program rating for the Humanitarian Migrants to Israel program this year. The assessment noted that the Department strengthened its annual and long-term measures, and created an efficiency measure. The improvement documented in the PART review was considered in the overall decision-making process for resources allocations.

Key Indicators: (1) Humanitarian migrants become self-sufficient members of Israeli society within two years of grant support and (2) Percentage change of trainees from the former Soviet Union who advance a full grade level in language proficiency within five months.

MRA Administrative Expenses

(\$ in thousands)

Account	FY 2004 Actual	FY 2005 Estimate	FY 2006 Request
MRA	20,876	21,824	22,000

The FY 2006 request of \$22 million for administrative expenses provides the Bureau with the resources essential to manage effectively and responsibly critical humanitarian programs funded through the MRA and ERMA appropriations. PRM staff play a key role in evaluating humanitarian conditions around the world, carrying out humanitarian diplomacy, designing, implementing and monitoring humanitarian projects, and ensuring that humanitarian issues are integrated into broader foreign policy efforts.

The administrative expenses line funds salaries and benefits for Bureau staff in Washington, D.C. and overseas, as well as travel and overseas post allocations.

U.S. Emergency Refugee and Migration Assistance Fund

(\$ in thousands)

Account	FY 2004 Actual	FY 2005 Estimate	FY 2006 Request
ERMA	29,823	29,760	40,000

The U.S. Emergency Refugee and Migration Assistance Fund (ERMA) is a no-year appropriation, drawn upon by the President to meet “unexpected urgent refugee and migration needs” whenever the President determines that it is “important to the national interest” to do so. The Migration and Refugee Assistance Act of 1962, as amended, provides permanent authorization for the account of up to \$100 million. The FY 2006 request of \$40 million will provide the flexibility needed to respond to unexpected refugee and migration emergencies.

At the beginning of FY 2005, \$41 million remained in the fund. During the first quarter of FY 2005, there was an \$8 million drawdown for Burundi refugee repatriation and reintegration, leaving a balance of approximately \$33 million as of January 1, 2005. With the addition of FY 2005 appropriated ERMA funds of just under \$30 million, that balance had increased to \$63 million as of January 10, 2005.

In FY 2004, a total of \$66 million was drawn down from the ERMA fund for the following needs:

Africa

Presidential Determination 2004-022: \$12 million

On February 5, 2004, \$12 million was authorized to address unexpected urgent refugee and migration needs, including those of refugees, displaced persons, conflict victims, and other persons at risk from the Sudanese refugee crisis in Chad (\$9.3 million) and to prepare for refugee repatriations to Sudan (\$2.7 million).

Presidential Determination 2004-38: \$14 million

On June 24, 2004, \$14 million was authorized to meet unexpected urgent refugee and migration needs, including those of refugees, displaced persons, conflict victims, and other persons at risk, from the crises in Sudan (\$5 million) and Chad (\$9 million).

Near East

Presidential Determination 2003-24: \$20 million

On February 25, 2004, \$20 million was authorized to make a contribution to the United Nations Relief and Works Agency for Palestine Refugees in the Near East (UNRWA) to address unexpected, urgent refugee needs in the West Bank and Gaza.

Presidential Determination 2004-38: \$20 million

On June 24, 2004, \$20 million was authorized to meet unexpected urgent refugee and migration needs, including those of refugees, displaced persons, conflict victims, and other persons at risk, from the crisis in the West Bank and Gaza.

MRA\ERMA Program Summary
(\$ in thousands)

	FY 2004 Actual	FY 2005 Estimate	FY 2006 Request
Migration and Refugee Assistance (MRA)			
Overseas Assistance	577,667	554,752	607,720
Africa	201,387	229,351	256,500
Africa SUP	25,000	-	-
East Asia	20,404	21,321	21,500
Europe	54,558	48,089	44,720
Near East	100,538	98,442	134,000
South Asia	73,741	59,098	49,000
Western Hemisphere	21,526	23,027	26,000
Migration	17,303	13,719	14,000
Strategic Global Priorities	63,210	61,705	62,000
Refugee Admissions	132,464	137,664	223,050
Humanitarian Migrants to Israel	49,705	49,600	40,000
Administrative Expenses	20,876	21,824	22,000
Total (MRA)	780,712	763,840	892,770
U.S. Emergency Refugee and Migration Assistance Fund			
U.S. Emergency Refugee and Migration Assistance Fund	29,823	29,760	40,000
Total (ERMA)	29,823	29,760	40,000

Nonproliferation, Anti-terrorism, Demining, and Related Programs

(\$ in thousands)

Account	FY 2004 Actual	FY 2005 Estimate	FY 2006 Request
NADR	351,415	398,784	440,100
NADR-ERF	10,000	-	-
NADR-SUP	35,000	-	-

The Nonproliferation, Anti-terrorism, Demining, and Related Programs (NADR) account supports a broad range of U.S. national interests by funding critical, security-related programs. NADR programs serve as an important tool for working with foreign nations to reduce transnational threats to America's security, as well as to mitigate local threats that cause regional instabilities and humanitarian tragedies. The FY 2006 request reflects the funding needed to support U.S. efforts to reduce threats posed by international terrorist activities, landmines, and stockpiles of excess weapons, as well as by nuclear, chemical, and biological weapons, missiles, and their associated technologies.

The NADR account supports U.S. efforts in four areas: nonproliferation, anti-terrorism, regional stability, and humanitarian assistance. The success or failure of the United States in dealing with problems in each of these areas will have implications for maintaining U.S. security and military superiority; efforts to promote reconciliation and stability in the Middle East, Asia, and the Pacific Rim; and access to critical resources and markets.

Nonproliferation Efforts

One of the most direct and serious security threats facing the United States is the possibility of conflict involving weapons of mass destruction (WMD) of chemical, biological, radiological or nuclear origin, and missiles that could deliver such weapons. First and foremost is the immediate challenge of halting the clandestine spread of WMD materials and technology to rogue states, terrorist groups, and other non-state actors. Synonymous with this challenge is the need to reinvigorate the international community's commitment to support nonproliferation efforts and responsible nonproliferation behavior. The FY 2006 NADR request will fund bilateral and multilateral assistance programs that directly support U.S. nonproliferation objectives:

- to deny proliferators the supplies of materials and technology they need for their programs;
- to prevent and contain WMD and missile capabilities as well as advanced conventional weapons in key countries and regions;
- to secure and guard against leakage of WMD- and missile-related materials and expertise, primarily in Russia and other Eurasian countries;
- to promote the strengthening of international agreements that formalize and help verify nonproliferation constraints; and
- to ensure that peaceful nuclear cooperation serves nuclear safety, environmental, and nonproliferation goals.

NADR supports three nonproliferation programs on a bilateral basis: the Nonproliferation and Disarmament Fund (NDF), a contingency fund for unanticipated requirements or opportunities; the Nonproliferation of

Weapons of Mass Destruction Expertise program (formerly known as the Science Centers and Bio-Chem Redirection programs), which finance civilian research by former Soviet weapons experts in Russia, Ukraine, and the other Eurasian countries; and Export Control and Related Border Security assistance programs, which are designed to strengthen national export control systems in key countries. NADR funds also leverage other international donors in two multilateral fora. Under the International Atomic Energy Agency (IAEA), the U.S. voluntary contribution supplements the IAEA's operating budget to implement strengthened nuclear safeguards measures, allow expansion in nuclear safety cooperation with key countries, and combat nuclear and radiological terrorism. Funding for the Comprehensive Nuclear Test Ban Treaty (CTBT) helps strengthen the current international testing moratorium by supporting the establishment of the International Monitoring System (IMS) to detect nuclear explosions.

Anti-terrorism Efforts

The NADR account plays a key role in implementing a comprehensive approach to preventing and countering terrorist attacks on U.S. citizens and interests, at home and abroad, and helping to mitigate the impact of any attacks that may occur. NADR funds the Anti-terrorism Assistance (ATA) program, Terrorist Interdiction Program (TIP), Counterterrorism Engagement with Allies, and Counterterrorism Financing. ATA provides technical training and equipment to assist foreign countries in protecting facilities, individuals, and infrastructure. It also provides in depth training of counterterrorism investigators with the aim of stopping terrorists before they can strike, thus forming part of America's first line of defense. The TIP improves countries' capabilities to implement a watch/stop list at immigration control points with the aim of preventing or impeding terrorist travel, a key counterterrorism objective. CT Engagement programs build international political will leading to concrete steps in the war on terrorism and then helps to enable such steps through multilateral counterterrorism projects, thus leveraging U.S. funds to obtain additional monies from other donors. Counterterrorism Financing assists foreign countries' efforts to identify, freeze, and prevent the use of financial institutions, businesses, and charitable organizations as conduits for money to terrorist organizations, including giving countries an investigative ability to follow the money trail and arrest terrorists preemptively. The FY 2006 request will support ongoing core ATA programs and the development of new courses and activities to meet the evolving terrorist threat, new TIP countries' efforts to interdict terrorists, and U.S. efforts to sustain and further the counterterrorism agenda in defending the homeland and protecting U.S. interests abroad.

Regional Stability and Humanitarian Assistance

Finally, the NADR account funds programs that promote peace and regional stability, as well as meet humanitarian needs in post-conflict situations. The Humanitarian Demining Program (HDP) supports efforts to eliminate the threat to civilians resulting from the indiscriminate use of landmines and unexploded ordnance, which destabilize and damage efforts to restore peace and prosperity for years after conflict has ceased. Humanitarian mine action allows mine-affected nations to protect innocent civilians, return displaced persons to their homes, rebuild shattered economic infrastructure, return agricultural land to productivity, and allow the safe delivery of other humanitarian services. The Department is also requesting funds to continue the matching contribution program with the International Trust Fund for Demining and Mine Victims' Assistance, which conducts and monitors mine action activities primarily in the Balkan region.

In FY 2006, NADR will also fund the Small Arms/Light Weapons (SA/LW) destruction program, which is designed to eliminate stockpiles of excess small arms and light weapons left over from Cold War and post-Cold War conflicts. Destruction of these weapons contributes to U.S. force protection and regional security efforts by helping prevent the spread of illicit weapons to insurgent groups and terrorist organizations. The FY 2006 program will focus on destruction of shoulder-launched surface-to-air missiles, or MANPADS, that increasingly have been sought after and used by terrorist groups in Kenya, Iraq, and elsewhere.

Nonproliferation, Anti-terrorism, Demining, and Related Programs
(\$ in thousands)

	FY 2004 Actual	FY 2005 Estimate	FY 2006 Request
Nonproliferation Programs			
Nonproliferation and Disarmament Fund	29,823	31,744	37,500
Export Control and Related Border Security Assistance	35,788	37,696	44,400
Science Centers/Bio Redirection	50,202	-	-
Nonproliferation of WMD Expertise	-	50,096	52,600
IAEA Voluntary Contribution	52,687	52,576	50,000
CTBT International Monitoring System	18,888	18,848	14,350
Subtotal - Nonproliferation Programs	187,388	190,960	198,850
Anti-Terrorism Programs			
Anti-terrorism Assistance	96,428	117,800	133,500
Anti-terrorism Assistance - ERF	10,000	-	-
Anti-terrorism Assistance - SUP	35,000	-	-
Terrorist Interdiction Program	4,971	4,960	7,500
CT Engagement with Allies	-	1,984	2,000
Counterterrorism Financing	-	7,192	7,500
Subtotal - Anti-Terrorism Programs	146,399	131,936	150,500
Regional Stability & Humanitarian Assistance			
Humanitarian Demining Program	48,705	59,024	72,000
International Trust Fund	9,941	9,920	10,000
Small Arms/Light Weapons Destruction	3,982	6,944	8,750
Subtotal - Regional Stability & Humanitarian Assistance	62,628	75,888	90,750
Total	396,415	398,784	440,100

Nonproliferation and Disarmament Fund

(\$ in thousands)

Account	FY 2004 Actual	FY 2005 Estimate	FY 2006 Request
NADR-NDF	29,823	31,744	37,500

The Nonproliferation and Disarmament Fund (NDF) negotiates, finances and executes carefully selected projects that support US diplomatic efforts to:

Eliminate weapons of mass destruction (WMD) and their delivery systems;
Track, control, secure or eliminate dangerous materials (fissile, radiological, chemical or biological);
Limit the spread of advanced conventional weapons.

NDF projects often take advantage of unanticipated opportunities that occur during the course of a fiscal year. NDF monies are not set aside or committed to any project, region, or country in advance. Faced with sudden political events, innovative technology or unforeseen circumstances that offer a chance to halt the spread of WMD, any USG agency and Department of State office can submit a proposal to use NDF funds towards an activity that fulfills U.S. national security objectives. Proposals span the globe, and frequently lie outside the scope of established USG programs for a region or country. Funding is approved by the Under Secretary for Arms Control and International Security (T) based on detailed recommendations from the T Assistant Secretaries and NP Deputy Assistant Secretaries.

Once the approved proposals complete the notification process in Congress, NDF implements the project. While NDF may transfer funds to a program or office it deems better suited to carry out the activity (e.g. MANPADS elimination), the technical complexity of most projects requires the project management experience of NDF staff, because many proposals are approved without a formal international agreement, MOU or implementing agreement, NDF must first negotiate agreement from foreign governments to support the activity. NDF staff then implements the project, putting contracts in place, personnel on the ground, and equipment on location to accomplish the project goals within the budget approved.

Recent NDF projects approved include:

- Removal of nuclear centrifuges, missiles, and other WMD related equipment from Libya;
- Establishment of programs in Iraq and Libya to re-direct former WMD weapons scientists and engineers to civilian occupations;
- Support for the World Health Organization's efforts to establish international guidelines to identify and secure dangerous pathogens and toxins;
- Cooperative work with China, Singapore, and Thailand on establishing biosecurity legislation and regulations;
- Establishment of a program in Libya to create an effective export and border control system;
- Establishment of a program in Libya to improve its nuclear and radiological material management infrastructure;
- Initiate efforts to destroy or convert the Rabta chemical weapons production facility in Libya;

- Helping countries worldwide control the export, import or other movement of materials needed to produce weapons of mass destruction or advanced convention weapons through the USG's "Tracker" program;
- Funding for MANPADS elimination in sensitive locations.

Justification

The NDF has an established a record of accomplishment to include:

- Removal of WMD-related materials in Libya;
- Destruction or removal of ballistic missiles in Central Asia and the Middle East;
- Removal of weapons grade nuclear materials from Serbia;
- Development of systems foreign governments use to track sensitive exports;
- Securing of dangerous materials sites (e.g. Albania, Uzbekistan)
- Draining of the liquid sodium coolant from the BN-350 plutonium production reactor in Kazakhstan.

The United States has launched numerous diplomatic initiatives that depended upon NDF funding and the negotiating and programmatic execution skills of its staff. For FY 2006, the NDF is expected to support several classified efforts to secure or remove dangerous materials in sensitive locations, eliminate weapons delivery systems, support emergency interdiction efforts and help launch new nonproliferation initiatives.

The Administration is requesting \$37.5 million for the NDF in FY 2006 to support our nonproliferation efforts. To ensure that the NDF can continue to respond quickly to difficult challenges, the Administration requests that NDF funding, as in previous years, be made available not withstanding any other provision of law, that funds be appropriated until expended, and that their use by authorized for countries other than the independent states of the former Soviet Union and international organizations. The NDF requests five percent of its funds for administrative and operational costs.

Program Assessment Rating Tool (PART) / Performance Evaluation

For preparation of the FY 2006 budget, the Administration reevaluated the Department's Nonproliferation and Disarmament Fund (NDF) Program using the Program Assessment Rating Tool (PART). It was rated as effective, having instituted OMB recommendations that specific long-term performance measures be developed that focus on outcomes and meaningfully reflect the purpose of the program. The NDF program makes a unique contribution toward preventing future WMD and missile threats to the U.S. and its interests by forestalling and eliminating those threats. In response to OMB recommendations in the FY 2005 review of this program, NDF staff strengthened its PART long-term goals for the program for the FY 2006 budget. The Department's Bureau of Non-Proliferation also refined the NDF efficiency measure and incorporated it into the PART for the FY 2006 budget.

Key Indicators: (1) Ratio of total administrative cost to program cost; (2) Annual deployment of tracker; and (3) number of active projects.

Export Control and Related Border Security Assistance

(\$ in thousands)

Account	FY 2004 Actual	FY 2005 Estimate	FY 2006 Request
NADR-EXBS	35,788	37,696	44,400

Preventing the proliferation of Weapons of Mass Destruction (WMD), their missile delivery systems, and advanced conventional weapons are among our top priorities. Strong export and border control systems are the frontline of these efforts, and a key component of the war on terror. The EXBS program, drawing on expertise from a number of U.S. agencies and the private sector, is assisting governments in strengthening their export controls by improving their legal and regulatory frameworks, licensing processes, border control and other enforcement capabilities, outreach to industry, and interagency coordination.

FY 2006 EXBS program funding will continue the development of effective controls in a number of key countries, notably potential proliferation source and transit states in Eurasia, while stepping up our efforts in source countries in South Asia and key transit and transshipment states in Southeastern Europe, as well as countries with major transshipment ports in the Mediterranean, the Middle East, and Southeast Asia. We will also continue developing and initiating programs in Afghanistan, Africa and Latin America, some of which started in FY 2004 and FY 2005. FY 2006 EXBS program funding will position us to bring assistance to Libya to develop and implement an effective export control system if Libya is removed from the list of state sponsors of terrorism.

Also in FY 2006, we will take on full management and funding of the TRACKER export control information system, integrating its application into training programs planned or already underway for countries where it is not yet implemented.

A key tool in stemming the proliferation of WMD, their delivery systems, and other weapons and destabilizing technologies is having effective export and border control infrastructure and capabilities. To meet this objective, the United States works to ensure that potential suppliers have effective controls on exports of arms, dual-use goods, and related technologies, and that transit/transshipment countries have the tools to interdict illicit shipments crossing their territories and implement controls to prevent diversions.

Continuing Work in Eurasia

\$ 4.0 million: Russia, Ukraine, and Kazakhstan retain significant WMD materials and expertise from the Soviet era. The EXBS program is working on many fronts with these countries, including efforts to enhance enforcement and border security capabilities and promote industry compliance with national export control laws.

\$ 4.96 million: high-risk transit and smuggling routes from source countries run through Central Asia and the Caucasus. The EXBS program's activities in the region, which remains on the front line of the war on terror, include enhancing border security capabilities and building effective legal controls to meet this challenge.

Continuing Work Globally

\$ 2.0 million: tightened export controls in South Asia are vital to ensure that India and Pakistan do not become sources for sensitive materials and technology to other countries or terrorist organizations, particularly in the Middle East. Resources for new initiatives with Sri Lanka will extend export control capabilities in this region.

\$ 9.40 million: major transshipment ports and countries along high-risk smuggling routes in Southeast Asia, including Singapore, Taiwan and Thailand, and the Middle East, including Jordan and the United Arab Emirates, are of major concern as potential diversion points for WMD-related items due to their geographic location and large volume of container traffic. New initiatives are planned in Indonesia. Initial engagement with Libya on export controls accounts for \$1.0 million of this total for FY 2006. Launching a comprehensive program with Iraq accounts for \$1.0 million for assistance with laws and regulations, establishing a licensing process, and improving enforcement.

\$ 2.37 million: A number of Central European countries have demonstrated the political commitment to effective controls and established the requisite legal/regulatory, licensing and enforcement infrastructure, but need some additional training and equipment to improve enforcement capabilities. We anticipate that by the end of FY 2006, Bulgaria, Estonia, Lithuania, and Romania will join Poland, the Czech Republic and Hungary as countries that have moved to the “sustainability” phase of the EXBS program based on their success in establishing largely effective export control systems. For this reason, program funding for Central Europe continues to diminish as resources shift to other countries and regions of proliferation concern.

\$ 4.94 million: Balkan, Latin American, and African countries are potential sources, and transit and transshipment points, for WMD-related items and advanced conventional weapons. The Balkan nations have defense industries with over-capacity and a history of dealing with rogue countries. In addition, recent arms transfers have highlighted the critical need to strengthen these countries’ export controls. East African states are of increasing concern due to their proximity to the Middle East and porous borders, which facilitate the transfer of weapons and related items, potentially to terrorist organizations. Providing export control assistance to key transit/ transshipment states in East Africa supports the President’s counter-terrorism initiative. Assisting Latin American states to develop effective export control systems is in our domestic security interest. A large volume of containerized trade that enters the U.S. transits Latin America, especially through the Panama Canal. In addition, some of the countries in these regions are potential sources of dual-use technologies, nuclear materials, and missile components.

Improving Program Management

\$ 6.827 million: continue and expand the worldwide nonproliferation advisors program, which currently has 14 offices covering 21 countries. Funds will support the work of in-country and regional advisors, including overseeing and coordinating implementation of assistance projects, assessing foreign export control/border security capabilities and practices, recommending projects, and ensuring effective use of U.S.-provided equipment.

\$ 3.253 million: program administration, including contract support for accounts reconciliation, strategic planning, performance measurement, and database management; repair and maintenance for detection and imaging equipment; agencies’ overhead; and costs associated with team visits, such as translators and transportation to border points.

\$6.65 million: global outreach and automation activities, including TRACKER and regional conferences: The EXBS program assumes responsibility in FY 2006 for funding the TRACKER model export control information system, including software development, training, deployment and maintenance. These funds are also for activities aimed at engaging program countries in a regional or global forum to foster a sense of common responsibility and purpose, and share lessons learned and experiences that cannot be replicated through other vehicles. This will include the next International Export Control Conference; an international transshipment enforcement conference; and a Central Asia/Caucasus Regional Export Control Forum.

Program Assessment Rating Tool (PART)/Performance Evaluation

For preparation of the FY 2006 budget, the Administration evaluated the Department's Export Controls Program using the Program Assessment Rating Tool (PART). The program was assessed as being effective. The program seeks to assist foreign governments to raise their export laws and regulations to international standards, and improve licensing, border control and investigative capabilities. The PART findings were one factor used in the overall decision-making process for resources allocations.

Key Measures: (1) Average dollars for contract training under ISSC; and (2) Number of countries that have developed and instituted valid export control systems meeting international standards.

Export Control and Related Border Security Assistance
(\$ in thousands)

	FY 2004 Actual	FY 2005 Estimate	FY 2006 Request
Africa			
Kenya	1,088	50	300
South Africa	-	25	50
Tanzania	544	25	200
Subtotal - Africa	1,632	100	550
East Asia and the Pacific			
East Asia Regional	-	365	300
Indonesia	220	-	450
Malaysia	230	150	750
Singapore	430	500	800
Taiwan	550	550	800
Thailand	380	750	1,000
Vietnam	500	280	850
Subtotal - East Asia and the Pacific	2,310	2,595	4,950
Europe and Eurasia			
Europe Regional Export Controls	-	-	300
Albania	600	300	515
Armenia	300	300	700
Azerbaijan	600	1,545	1,650
Belarus	-	-	250
Bosnia and Herzegovina	600	500	675
Bulgaria	1,500	500	-
Croatia	850	690	910
Cyprus	400	400	200
Estonia	995	1,000	100
Kazakhstan	2,000	2,000	1,400
Kyrgyz Republic	500	500	810
Latvia	2,185	1,000	100
Lithuania	840	1,000	100
Macedonia	550	400	725
Malta	250	100	200
Moldova	640	495	320
Romania	715	750	-
Russia	1,800	2,800	1,000
Serbia and Montenegro	750	735	1,290
Slovakia	305	550	300
Slovenia	365	495	50
Tajikistan	300	300	600
Turkey	600	600	750

Export Control and Related Border Security Assistance
(\$ in thousands)

	FY 2004 Actual	FY 2005 Estimate	FY 2006 Request
Turkmenistan	-	-	400
Ukraine	1,500	1,500	1,600
Uzbekistan	-	1,200	500
Subtotal - Europe and Eurasia	19,145	19,660	15,445
Near East			
Middle East Regional	-	-	100
Iraq	-	-	1,000
Jordan	730	860	1,000
Libya	-	-	1,000
Oman	400	400	500
United Arab Emirates	250	250	350
Yemen	470	525	500
Subtotal - Near East	1,850	2,035	4,450
South Asia			
Afghanistan	230	250	400
India	685	685	600
Pakistan	535	1,000	700
Sri Lanka	-	-	300
Subtotal - South Asia	1,450	1,935	2,000
Western Hemisphere			
WHA Regional	-	-	50
Argentina	-	50	100
Brazil	-	50	75
Panama	40	25	50
Subtotal - Western Hemisphere	40	125	275
Global			
Export Control Program Administration	1,850	1,500	2,253
Export Control Regional Advisors	6,426	7,596	6,827
Global Regional Export Controls	585	1,150	6,650
Program Equipment	500	1,000	1,000
Subtotal - Global	9,361	11,246	16,730
Total	35,788	37,696	44,400

Nonproliferation of WMD Expertise

(\$ in thousands)

Account	FY 2004 Actual	FY 2005 Estimate	FY 2006 Request
NADR-WMD	-	50,096	52,600

Nonproliferation of Weapons of Mass Destruction Expertise (NWMDE) is a global mission to confront the growing threat of terrorist or rogue state acquisition of weapons of mass destruction (WMD) and delivery systems. Side by side with control of materials and technologies and destruction of weapon stocks, NWMDE -- redirecting WMD know-how -- is a third essential form of USG efforts to prevent the proliferation of WMD and delivery systems. The United States, often in cooperation with allies, has transparent programs to develop alternatives to proliferation through which we have engaged tens of thousands of former WMD research and development experts, mainly in the former Soviet Union. Scientists in Iraq and Libya are accessible for the first time. While others remain beyond our reach, we look toward applying and adapting best practices and lessons learned to South Asia, the Middle East, and North Korea when those opportunities arise.

Given the different structures, magnitudes and capabilities of national WMD sectors in these various regions and the speed with which opportunities can develop, we have developed a strategic framework for NWMDE that is relevant to maturing programs in Eurasia as well as to nascent programs elsewhere. Recognizing best practices (and inadequacies) in the intergovernmental model developed over the early years of cooperative threat reduction, we augment that flagship program with targeted engagement for the biological weapons (BW) and chemical weapons (CW) sectors, using a mix of other-agency and consultant experts to accelerate the transition of former weapon institutes, while paying special attention to dual-use issues. Each program innovation is linked to an exit strategy for leaving the scientists engaged and the institutions that employ them better prepared to sustain themselves in peaceful work.

Our strategic approach centers on threat analysis, characterization of the target population, identification of other interested parties (governments, international organizations, non-governmental organizations), budget analysis, and developing an approach that will best accomplish our nonproliferation task in the most efficient, effective way. Our FY 2006 budget request supports five programs. Three programs, Science Centers, Bio-Chem Redirect, and the Bio-Industry Initiative, address the threat of WMD expertise proliferation from Eurasia. An overwhelming amount of expertise in all WMD areas and delivery systems in that region remains vulnerable, particularly to terrorist exploitation. These programs are the largest USG efforts to redirect former WMD scientists. For some BW and CW institutes, they are the only USG programs that engage these scientists and give us access to their institutes. We also expect to continue support for separate programs in Iraq and Libya to employ WMD scientists peacefully and sustainably. Finally, we will retain the flexibility to allocate funds as necessary to new initiatives not yet foreseen or to take advantage of new opportunities in existing programs.

Eurasia

Since the inception of cooperative threat reduction programs involving the successor states of the USSR, redirecting former WMD researchers and institutes into peaceful work has provided a proven incentive against the diversion of WMD know-how to rogue states or terrorists. The United States and close allies developed a model for engagement of WMD scientists in collaboration originally with the Government of Russia, creating the first intergovernmental organization to screen research proposals, provide science management and financial oversight, and ensure cooperative policy-making by the founding governments. This now-mature model involves WMD scientists in eleven recipient countries and is evolving as directed by the United States and other funding parties towards greater reliance on commercial and other sustainable

forms of scientific redirection. The Science and Technology Centers in Moscow and Kiev are now major nonproliferation program implementation platforms for the Department of State NWMDE programs detailed below, other USG programs, including DoE's Russian Transition Initiative and DoD's Cooperative Threat Reduction Program, and agencies of other governments. These coordinated programs engage WMD scientists in peaceful research and also design and fund services, training, and competency building to guide former Soviet WMD/missile experts toward economic self-reliance and permanent transition to stable civilian employment. Canada's decision to implement a large part of its G-8 Global Partnership commitment through the ISTC is a good example of the broader importance of WMD scientist redirection.

Science Centers Program

Through the intergovernmental Science Centers in Moscow (ISTC) and Kiev (STCU), the U.S. and other funding parties engage researchers in nuclear, missile, chemical, and biological institutes in collaboration with Western counterparts. We commit funding to qualified research proposals, selected on a competitive basis, with emphasis given to projects and activities that achieve long-term nonproliferation impact and move priority institutes closer to self-sustainability and graduation from further NADR funding. Beside funding discreet projects, the Science Centers program in FY 2006 will seek to accelerate: training of scientists in competitive grant-writing, patent filings and licensing of intellectual property, business training, and matchmaking with U.S. commercial partners. Funding will also provide the U.S. contributions to the operating budgets of both Centers. Domestic program expenditures include reviewing the proliferation risk, technical merit, and market potential of hundreds of proposals annually, as well as annual financial audits of the Centers' operations and a sample of U.S.-funded projects.

It is crucial to our success that we not only fund scientists' projects but also guide institutes as they comprehensively transform their operations to prepare for regional and global competition. Funding at FY 2006 levels would permit us to contribute to sustainability programs launched in FY 2004 and delivered through the Science Centers that will enable us eventually to reduce project funding in Russia and ten other Eurasian states.

Our proposed funding level would also permit us to maintain access and influence at sensitive research institutions, particularly in Russia, Ukraine, Kazakhstan and Uzbekistan, while weighing and responding to risks in new member states Azerbaijan, Tajikistan and Moldova. Maintaining relationships with former grantees through training, travel grants to Western conferences, and regional travel by NADR-funded technical experts is a growing element of our engagement and an important element of our program oversight.

Bio-Chem Redirect Program

The Bio-Chem Redirect (BCR) program deals with the highly dual-use areas of biotechnology and chemistry. It is a targeted initiative that engages biological and chemical weapons scientists to combat biological and chemical terrorism and proliferation. The program was directed to expand by the White House following the 2001 review of security assistance and is the only USG program that focuses on redirecting former chemical weapons scientists. These areas are given special attention due to the high proliferation risk, dual-use nature of their science and technology, and the growing threat of use by terrorists.

Bio-Chem Redirect finances research that supports the transition of CBW scientists to transparent civilian work in global public health, crop and livestock health, environmental monitoring and remediation. This engagement requires the specialized expertise of the DHHS, USDA, EPA, and other specialized partners to oversee and collaborate. Bio-Chem Redirect is the only way to support the key role of these agencies in our

WMD redirection effort, providing the technical expertise needed to ensure the appropriate degree of close and continuing oversight.

The FY 2006 level will enable BCR to provide minimal support to the DHHS Biotechnology Engagement Program (BTEP) for human health-related biological research projects at top-priority biological and chemical institutes primarily in Russia, including the WHO-mandated smallpox repository at Vector and the massive Soviet-era bacterial disease repository at Obolensk. Specific activities include drug and vaccine development to combat infectious diseases (e.g. HIV/AIDS, hepatitis, multi-drug resistant tuberculosis); scientist exchanges (a key element of U.S. strategy to ensure transparency in our research collaboration); and provision of Good Laboratory, Manufacturing, and Clinical Practices training, which are essential to the institutes' ability to attract commercial clients and long-term sustainable income from non-USG sources. Our proposed funding level will permit BTEP to sustain only limited bio-engagement efforts with top priority institutes in Kazakhstan and Georgia.

BCR will continue to fund the USDA Agricultural Research Service (ARS) Collaborative Research in Biotechnology Program, to redirect scientists from the former Soviet anti-crop and anti-livestock programs to civilian plant and animal disease detection, characterization, monitoring, and prevention. USDA is the only BCR-funded agency that is active in Uzbekistan, where a substantial body of BW-relevant expertise was recently identified. USDA may begin a modest engagement of former BW institutes in Ukraine that have not yet been engaged by any U.S. nonproliferation program.

In FY 2006 BCR plans to maintain its support to EPA, which is the pillar USG engagement with former chemical weapons scientists. Projects focus primarily in the areas of environmental contamination, detoxification, bioremediation and phyto-remediation, and the development of Acute Exposure Guideline Levels (AEGLs) for hazardous chemicals and other forms of contamination. Top priorities include projects at the newly engaged Pavlodar Chemical Plant in Kazakhstan, the environmental monitoring laboratory in Stepnogorsk, Kazakhstan, and the newly established environmental monitoring laboratory in Kirov, Russia. The Kirov lab is virtually the only vehicle currently available for engaging former BW scientists at the closed Kirov-200 military facility.

Bio-Industry Initiative

The Bio Industry Initiative (BII) was mandated by Congress to reconfigure large-scale former BW production plants in the former Soviet Union for non-weapons uses and engage former weapons scientists in accelerated drug and vaccine development, particularly for highly infectious diseases. BII specifically combats the threat of bioterrorism through reduced access to BW production and research capacities, as well as generation of BW attack countermeasures. BII works in concert with other programs such as the DoD Defense Threat Reduction Agency to ensure the scientists, equipment, pathogenic strains, and all BW-related capacities are reconfigured toward sustainable, controlled, commercial use.

BII works to integrate U.S. industry partnerships for both the redirection of former BW production facilities and the development of novel drugs and vaccines for highly infectious diseases to commercial use. In FY 2006 the program will continue to fund engineering assessments of former BW production facilities, marketing and business plan development, and research projects (through the ISTC) aimed at redirecting these facilities toward sustainable, commercial applications. FY 2006 is a critical year for BII, as several expert assessments begun in past years are now complete and larger reconfiguration projects are ready for funding.

BII will expand beyond Russia to help reconfigure large biological production facilities in the Caucasus and Central Asia, particularly in Georgia and Kazakhstan. BII's experience will also be applied to new programs in Iraq, Libya, and elsewhere as opportunities arise.

Iraq

The WMD scientist redirection program for Iraq was planned as a two-phase exercise. The current short-term, start-up phase includes preparation for the redirection effort, establishment of a program office in Baghdad, and initial redirection activities (e.g. introductory seminars, workshops and long-term planning activities). In a two-year (minimum) operational stage, the program office will be the channel for funding large-scale projects employing Iraq's WMD scientific and technical community, estimated at approximately 500 key scientists and an additional number of skilled technicians, and focusing on areas of importance to the reconstruction of Iraq (e.g. environmental issues, water quality, public health and agriculture). Despite the uncertain security situation, there is strong internal support from Iraqi WMD and missile personnel for the program and constructive engagement with several Iraqi ministries.

As of the end of FY 2004, the start-up phase was well under way, funded entirely from a \$2 million allocation from the Nonproliferation Disarmament Fund (NDF). A program office has been established and staffed by Iraqis. An enabling intergovernmental agreement with Iraq is being negotiated that will provide the legal framework for an ongoing program under the Iraqi International Center for Science and Industry (IICSI). We are in discussion with Iraq and the United Kingdom about the agreement, and we anticipate other countries, international organizations, and nongovernmental organizations would join as contributors. Two American directors -- an Executive Program Director and a Science Director -- will work as USG employees until the IICSI has achieved status as an international organization, at which time they would work as international staff at the Center. A Science Advisory Council (SAC) comprised of Iraqi scientists from various WMD-related fields meets regularly at the interim Center to set priorities for future work, and approximately 120 former scientists with WMD experience were on short-term retainers with the Center as consultants by the end of CY 2004.

The FY 2004 NDF funds will be augmented by an additional \$2 million tranche from NDF in FY 2005 to finance IICSI operations and provide for completion of the short-term phase of the Program as originally envisioned.

To continue operations beyond FY 2005 and to finance the large-scale projects identified by the Center and designed to employ large numbers of WMD scientists for extended periods of time, significant additional funding will be needed in FY 2006. Possible activities to be financed include:

- Re-equipping and updating scientific research and reference laboratories destroyed during the war and subsequent looting to provide an employment base for WMD/missile personnel;
- Conducting a large-scale assessment of environmental damage resulting from the manufacture, storage, use and sub-standard disposal of chemical, biological and nuclear materials, with special focus on their impact on public health;
- Initiation of activity aimed at creating a monitored domestic pharmaceuticals manufacturing capability in Iraq (all medicines and drugs are presently imported);
- Detailed research and analysis of the state of Iraq's water resources and initiation of activities to remedy problems identified;
- Establishment and activation of research programs in support of introducing modern agricultural practices in Iraq.

Libya

In conjunction with its decision to dismantle its WMD programs, the Government of Libya explicitly and emphatically requested Western assistance in re-orienting its involved scientists. A joint US-UK redirection scoping study, funded by the United Kingdom, is underway in FY 2005. Preliminary estimates suggest there are likely 250 key personnel and 1,500 support personnel who will need some degree of help. NDF funding of \$500,000 was identified in FY 2004 for start-up activities and an additional \$2,500,000 will be made available from the NDF in FY 2005 activities. Additional funding will be made available in FY 2006 for follow-up activities from this account to accomplishing this important nonproliferation mission.

The United States and the United Kingdom hosted a series of project development workshops – on water management and desalination, nuclear medicine and radiotherapy, oil and gas service technology development, and environmental monitoring – in Libya early in FY 2005. Currently, the US-UK-Libyan steering committee is identifying longer-term cooperative activities that will engage Libya's former weapon scientists in Western academic, public, and private sector activities. These may include:

- Technical and financial support for collaborative research and technology projects that advance national, regional or international development objectives such as improved water management and desalination technologies; establishment of a nuclear medicine regional center of excellence; conversion of a CW environmental monitoring laboratory to a national environmental monitoring laboratory; provision of spare parts and services for the petrochemical industry; and production of HIV, TB and malaria pharmaceuticals for sub-Saharan countries.
- Facilitation of Libyan scientist participation in select international science and technology conferences, workshops, trade shows and symposia.
- Training to develop international management and business skills
- Information technology support to improve communication between Libyan and US/UK scientists.

Program Assessment Rating Tool (PART)/Performance Evaluation

For preparation of the FY 2006 budget, the Administration evaluated the Department's Nonproliferation of WMD Expertise Program using the Program Assessment Rating Tool (PART). The program was assessed as being moderately effective. The program primarily seeks to expand and enhance redirection programs to deter former Soviet and other nuclear, chemical, and biological weapons and missile experts from working for proliferators, terrorists or rogue states. The PART evaluation is one of the factors in the overall decision-making process for resources allocations.

Key Measures: (1) Total program investment to assist a WMD institute to reach financial self-sufficiency; (2) Number of Russian and other Eurasian proliferation-relevant institutes engaged in U.S.-funded civilian research projects; (3) Number of institutes and scientists graduated into commercially sustainable ventures; (4) U.S. private sector funding of collaborative research as a percentage of USG regular project funding; and (5) The reconfiguration of former BW production facilities for peaceful uses and engagement of former BW scientists in drug and vaccine development; and (6) Acceleration of scientist redirection programs begun in FY 2003 in Iraq and in FY 2004 in Libya.

International Atomic Energy Agency - Voluntary Contribution
(\$ in thousands)

Account	FY 2004 Actual	FY 2005 Estimate	FY 2006 Request
NADR-IAEA	52,687	52,576	50,000

The Non-Proliferation Treaty (NPT) is the bedrock of our nuclear nonproliferation strategy. To preserve and strengthen the NPT in the face of real challenges, we will work to strengthen its verification organization, the International Atomic Energy Agency (IAEA). The United States has strongly supported the IAEA since its creation in 1957.

The IAEA is a critical and effective instrument for verifying compliance with international nuclear nonproliferation agreements. Its program of international safeguards monitors nuclear material worldwide and provides assurance that it is not diverted to make nuclear weapons. Efforts to strengthen safeguards over the last dozen years have provided critical new tools to detect and respond to clandestine nuclear programs. IAEA safeguards serve both as an essential barrier against the spread of nuclear weapons and as a first line of defense against nuclear terrorism.

The IAEA's expanding nuclear security programs will help states around the world improve their ability to protect nuclear materials and facilities, prevent nuclear smuggling, and apply better controls on radioactive materials to reduce the risk of radiological dispersal devices (AKA "dirty bombs").

Justification

In comparison with past years, our voluntary contribution for FY 2006 will focus less on filling gaps in funding for safeguards and more on maintaining programs that complement the activities funded by the regular budget. Over the past 20 years, demands on safeguards have risen steadily, both in the number of nuclear facilities subject to safeguards as well as the volume of nuclear material under safeguards. A historic increase in the IAEA's regular budget, to be phased in by 2007, will provide added staff to implement safeguards and significantly reduce the need for extra funds to buy safeguards equipment and replace the safeguards database.

For FY 2006, the Administration is requesting \$50 million for voluntary contributions to the IAEA. The majority of the amount requested would continue to support safeguard programs (e.g., equipment development, training, country issues, and environmental sample analysis), the nuclear security fund (physical protection of nuclear material, control of radioactive materials, illicit trafficking of materials) and other nuclear safety programs.

The IAEA will continue to rely on U.S. voluntary contributions for many key requirements, including technical experts and the development of the advanced technologies that will be critical to maintaining a strong safeguards system in the face of ever changing technologies and ever growing nuclear programs. As technology evolves safeguards equipment becomes obsolete and must be replaced by new, often more effective technologies. We will continue efforts to improve the IAEA's safeguards system, whose current, rigorous standards are due in large measure to U.S. leadership. This funding goes to U.S. laboratories, companies and individual experts who provide in-kind technical assistance and services to the IAEA.

In September 2001, as part of the war on terrorism, the IAEA initiated a review of its programs with a view to enhancing those that will help states protect against acts of nuclear and radiological terrorism. In March 2002, the IAEA Board of Governors approved a multi-dimensional action plan that will help states around the world address this critical problem. The IAEA established an extrabudgetary fund, the Nuclear Security

Fund, to support the IAEA's expanded nuclear security program. Overall contributions pledged to date total \$37 million. The bulk of these funds have come from the United States, but other IAEA member states are providing a growing share. These funds support IAEA efforts to combat nuclear terrorism, including developing and enhancing international standards and providing training and assistance on all aspects of the problem. This also includes training in physical protection techniques, assessment of security measures at specific nuclear facilities, and combating nuclear smuggling.

Since the Chernobyl accident in 1986, the IAEA has greatly expanded its nuclear safety activities, and it continues to rely heavily on voluntary contributions to fund technical assistance needed by member states and to provide the expertise to administer those programs effectively. In most cases the requirements for nuclear safety and security assistance are mutually reinforcing.

To summarize, this FY 2006 request will address critical nuclear non-proliferation needs, including activities designed to counter nuclear terrorism, implementing strengthened safeguards, develop advanced safeguards technology and procedures, confront unique safeguards challenges, and strengthen nuclear safety measures globally. Efforts to thwart nuclear smuggling are also expanding. Finally, the U.S. voluntary contribution will support the IAEA's Technical Cooperation Program and support projects, training, fellowships and equipment in countries that are parties to the NPT, with a preference for states that have an Additional Protocol in force.

Specific projects planned for FY 2006 include:

- Providing expert assistance and other support to expand international missions to assess the adequacy of physical protection measures at nuclear installations worldwide (known as International Physical Protection Advisory Services) to help counter the threat of nuclear terrorism;
- Providing additional cost free expert assistance to the IAEA's Office of Nuclear Security to bolster the speed and effectiveness of the IAEA's nuclear security activities;
- Providing training and advisory services for more IAEA member states to improve their illicit trafficking and emergency management and response programs;
- Upgrading the IAEA "model project," which helps countries develop the infrastructure to better control the safety and security of their radioactive sources;
- Developing improved techniques for safeguarding spent fuel in wet or dry storage, including relatively inaccessible forms, particularly techniques that would reduce the demands on inspectors;
- Installing unattended monitoring equipment in nuclear facilities such as the Rokkasho Reprocessing Plant in Japan;
- Taking a long-term approach to meeting equipment needs, emphasizing reliability, sustainability and standardization as ways to manage life cycle costs;
- Developing a next generation of safeguards equipment, particularly the next generation surveillance system, to replace and improve existing equipment;
- Training inspectors and other safeguards staff in all areas of safeguards implementation;

- Strengthening capabilities for implementation of strengthened safeguards and the Additional Protocol, including information analysis, use of satellite imagery, and inspection tools for detecting undeclared nuclear material and activities;
- Improving safeguards techniques for verifying the flow of materials at the front end of the fuel cycle, particularly at enrichment facilities;
- Strengthening quality control sensitivity of analyses by the Safeguards Analytical Laboratory and the Network of Analytical Laboratories, particularly in the analysis of environmental samples;
- Analyzing environmental samples from safeguards inspections to detect signatures of possible undeclared nuclear activities and materials;
- Supporting the Department of Safeguards' development of a Quality Management System to improve reliability and quality of safeguards equipment and to ensure that safeguards conclusions are based on credible evidence and sound procedures; and
- Supporting the IAEA's Technical Cooperation program, which provides assistance to developing countries in areas such as radiotherapy, insect eradication, and water resource management.

CTBT International Monitoring System

(\$ in thousands)

Account	FY 2004 Actual	FY 2005 Estimate	FY 2006 Request
NADR-CTBT	18,888	18,848	14,350

As a key element of our global efforts against the proliferation of nuclear weapons, the United States has a strong security interest in enhancing its ability, as well as that of its friends and allies, to detect and deter nuclear explosive testing anywhere in the world. Although the Comprehensive Test Ban Treaty (CTBT) is not in force, the International Monitoring System (IMS), on which work began following CTBT signing in 1996, provides important security benefits to the United States and its allies. While there can be no substitute for robust national efforts, the IMS offers an important supplement. It will collect worldwide data from 321 seismic, hydroacoustic, infrasound, and radionuclide stations. A number of these stations will provide the United States with new or improved data from regions not otherwise available and will strengthen U.S. verification capability.

In 2000, the first eleven IMS stations were certified as meeting agreed specifications for performance and reliability. In 2001, another twelve stations were certified, including seismic stations in France, Iran, Norway, Spain, and the United States, and a second hydrophone station in the Indian Ocean. In 2002, another twenty-three stations were certified, including seismic stations in Kazakhstan, Kenya, and Ukraine. In 2003, an additional twenty-one stations were certified bringing the total of certified stations to sixty-seven, or 21% of the full IMS network. In 2004, another twenty-five stations were certified, bringing the total number of certified stations to 92, or 29% of the full network. IMS is the largest program in the CTBT Preparatory Commission (Prepcom) budget. Other substantial programs include the International Data Centre (IDC) and data links between IMS stations and the IDC and between the IDC and member states. A more modest effort is devoted to development of a capability to conduct on-site inspections.

The FY 2006 request in NADR will fund the U.S. contribution to the ongoing work of the Prepcom. Under U.S. policy, the United States intends to fund its share of only IMS and IMS-related activities, which constitute the largest part of the Prepcom Budget. The United States will not fund other activities, including those related to establishing the on-site inspection system. By maintaining significant support for the Prepcom budget and leadership in work on technical and other issues, the United States will continue to be able to influence and guide the Prepcom's efforts to devise the best possible multilateral regime for monitoring nuclear explosions.

Anti-terrorism Assistance

(\$ in thousands)

Account	FY 2004 Actual	FY 2005 Estimate	FY 2006 Request
NADR-ATA	96,428	117,800	133,500
NADR-ERF	10,000	-	-
NADR-SUP	35,000	-	-

The Antiterrorism Assistance (ATA) program plays a key role in the U.S. Government's (USG) efforts to win the war on terrorism. The Coordinator for Counterterrorism (CT) relies on this program both to build the political will and the operational capacity of partner countries to cooperate with the United States in protecting American lives and interests both at home and around the world. By making U.S. partners better able to detect and thwart terrorists, this program forms part of the first line of America's defense, working to stop terrorists before they reach U.S. shores. Its provision of training and assistance to mitigate the effects of the use of weapons of mass destruction (WMD) works both to protect American lives abroad but also to increase the willingness of partners to work with us across the board in strengthening global CT efforts.

In order to prevail in the war on terrorism, the United States requires willing and able partners that can take effective action to prevent or mitigate terrorist attacks. As one of the world's preeminent providers of counterterrorism training, equipment, and advice to foreign countries, the ATA program plays a key role both in building the counterterrorist capacity of our partners and bolstering their resolve to confront and defeat the dangers of international terrorism. It expands the skills and abilities of foreign law enforcement officials who have primary responsibility in their nations for taking decisive action against international terrorists and networks that seek to target U.S. citizens, businesses, and other interests. These officials also have the primary responsibility for responding to and mitigating the impact of terrorist attacks that occur in their nations, including the possible use of WMD. ATA training and other assistance is the USG's primary means of improving the performance of partner nations in counterterrorist operations to prevent or prepare for future attacks, including cyber terrorism. Although this program has grown substantially since the tragic events of September 11, validated requirements for ATA courses, advice, and equipment have greatly exceeded resources available, as has demand from partner nations.

This program has had an enormous impact on the CT abilities of partner nations. These programs provide the operational and tactical capabilities needed to detect, confront, and defeat terrorists. In many countries, ATA-trained officials play key roles in local, regional, and global CT efforts. Key investigators in a number of recent attacks have been products of ATA training and were critical to tracking down and arresting many of the perpetrators, thus preventing further attacks. For many countries, ATA is the primary U.S. source for sophisticated CT equipment, including for SWAT teams and to cope with a WMD attack.

Graduates of ATA training have experienced remarkable success in their application of newly acquired antiterrorism skills.

In FY 2006, \$133,500,000 million is required to:

- Expand the scope and volume of existing U.S.-based training capabilities.
- Initiate new in-country programs in participant countries critical to the U.S. counterterrorism effort.
- Add flexibility to the program to respond rapidly and effectively to priority requirements whenever and wherever they occur.

The increased focus on in-country training and regional coordinators is part of a larger effort to increase the efficacy and efficiency of the program.

- *Afghanistan (\$6,000,000)* - The United States intends to transition the Afghan Presidential Protection Service into the role now occupied by the Karzai Protective Detail in FY2005. FY 2006 NADR-ATA funds will be utilized to sustain the training already provided and to progress into additional areas such as program management, logistics and instructor development training. ATA will provide advanced investigations and penetrating terrorist organizations training to appropriate Afghan security forces as the program continues to mature. Other programs that may be offered include Weapons of Mass Destruction (WMD), Crisis Response Team (CRT, providing SWAT training), and Explosive Incident Countermeasures (EIC, training bomb squads). This training is critical to the Afghan government's ability to contain terrorist elements.
- *Colombia (\$3,920,000)* - The process of training and equipping remaining anti-kidnapping units can be accomplished with only one American instructor assigned to the training camp to monitor the quality and content of training by Colombian instructors and to oversee the issuance of extensive tactical equipment. The Colombian Government will be asked to shoulder the expense of maintaining the camp as well as feeding and housing instructors and students. Depending on camp and base capacity, the Colombians will conduct additional CRT courses.
- *Indonesia (\$5,300,000)* - The FY 2006 counterterrorism training program activity for Indonesia will shift from two years of Task Force operational training, equipping, formation and deployment to program transition, sustainment, oversight and liaison. Six operational elements, consisting of 279 police officers trained in Crisis Response Team (CRT), Explosives Incidents Countermeasures (EIC), and Counterterrorism Investigation will have been formed and deployed by the end of FY 2005. In FY 2006, ATA will deliver advanced training in CRT and EIC train-the-trainer courses to assist the police in transitioning to self-training and Task Force expansion. Force integration and operational planning training will be offered to those in key command and control positions, while senior leaders and operational-level tactical commanders will participate in crisis management seminars and scenario-driven exercises. Force projection and operational capabilities assessments and advice and assistance consultations will be undertaken with police planners and logisticians. Finally, an ATA Liaison Office will be established at Task Force headquarters to manage an in-country advisor/observer program and provide sustaining technical assistance as the police train themselves and the Task Force grows. ATA training in Indonesia has been extremely productive; F 2006 funding will enable the U.S. to capitalize fully on the investment it has made in Indonesian counterterrorism capabilities.
- *Iraq (\$10,000,000)* - It is reasonable to assume that ATA will play a significant role in the development of effective civilian antiterrorism organizations in Iraq. We are currently supporting the training and equipping of a counterterrorism emergency response unit with Iraq supplemental funds. When this program ends in June 2005, we will build upon that investment with a more comprehensive country assistance plan. Experience has shown (Pakistan and Afghanistan) that \$10 million is a viable figure with which to sustain an in-country program.
- *Kenya (\$3,000,000)* - We have learned from experience that the third year of an In-Country program is critical for sustainment and institutionalization of the training and facilities upgrades that occurred in the developmental first two years. Protecting the \$14-million investment of FY's 2004 and 2005, \$3-million will assure that a thorough follow-up assessment of CT capabilities will be conducted, afford the necessary targeted consultations that will address specific issues and gaps identified in the first two years, guarantee that equipment and facilities are being properly maintained by Kenyan technicians with the needed skills sets and that replacement parts are available, support the cooperative relationship

with Government of Kenya officials by signaling the USG's continuing commitment, provide refresher courses for Kenyan trainers and instructors, and expand training opportunities for new, state-of-the-art CT specializations.

- *Malaysia (\$900,000)* - Malaysia CT Center: To add efficiency and promote regional cooperation in CT policy with Malaysia's neighbors, we will continue to utilize Malaysia's Southeast Asia Regional Center for Counter-Terrorism (SEARCTT). These costs reflect support to that activity including providing training courses and employing a SEARCTT liaison officer.
- *Pakistan (\$6,000,000)* - The FY 2006 program continues a sustained effort to upgrade local and national CT law enforcement institutions. DS/ATA will continue to support and use facilities that were either built or extensively refurbished in Pakistan. The program will focus on building the CT capability and capacity principally in three areas: investigative, tactical operations, and establishing and maintaining interagency cooperation among the federal and provincial police institutions. There will be a strong emphasis on continuing efforts to strengthen the federal government's Federal Investigation Agency's CT unit, the Special Investigation Group (SIG). This, in turn, will promote stronger interaction with the various provinces' Criminal Investigative Divisions (CID) with emphasis on joint training. CRT, EIC and possibly VIP protection tactical training are scheduled for candidates from both the SIG and CID units. Additional courses, to include CT investigations, Intelligence Analysis, and other investigations training, are also anticipated. ATA will continue to assist the GOP with Information Technology interconnectivity among the four Provincial CT units and with the SIG, and will conduct Cyber Terrorism training.
- *Philippines (\$5,000,000)* - An "Intensive Training" program is planned for the Philippines that will maximize sustainment while minimizing costs by using available in-country training facilities. Training will include: CRT, EIC, Investigative training, shipping and receiving costs and maintaining an in-country ATA Program Manager and Assistant, based on the Indonesian model.
- *ATA Program Management (\$7,550,000)*

Translations	\$3,250,000
Travel	\$ 800,000
Administrative Contractors	\$1,600,000
Alumni Network	\$ 500,000
General and Administration	\$1,400,000
- *Domestic-based Training, Fly-Away (short-term in-country delivery) Training, and Technical Consultations (\$65,370,000)*

AF Regional	(\$12.09 million)
EAP Regional	(\$8.66 million)
EUR Regional	(\$14.95 million)
NEA Regional	(\$14.39 million)
SA Regional	(\$9.97 million)
WHA Regional	(\$5.31 million)
- *CT Senior Policy Workshops (\$1,000,000)* - The CT Senior Policy Workshops aim to assist high level partner nation officials in improving interagency coordination and effectiveness in the CT arena. They will also be designed to improve coordination between the USG and participants. They will offer the U.S. an opportunity to engage senior officials of partner nations on issues of a strategic nature. Each workshop would have specifically tailored objectives jointly developed by the U.S. and the participant

nation. Although this is a minor budget item, it represents a crucial element in realizing long-term CT objectives.

- *MATT (\$8,085,000)* - Mobile Antiterrorism Training Teams (MATT): Since the attacks of September 11, 2001, ATA programs have focused on many participant nations that are facing the problems of security personnel with limited, or non-existent, training and high internal threats. In a number of instances, partner nations have been compelled to cancel training or recall their student delegations early to respond to crises at home. To address this critical problem, we developed the MATT concept as a means to rapidly deliver in-country training in critical security skills, such as VIP protection, Bomb Squad operations, and Crisis Response Team (CRT). The FY 2006 program will provide the capacity to respond to approximately four major short-notice training and associated equipment grant activities annually. The flexibility offered by this program is crucial as the U.S. continues the Global War on Terrorism in a changing and highly ambiguous environment. This flexibility is critical and has proven beneficial to responding to unanticipated and/or unfunded requirements, such as Afghanistan and Saudi Arabia.
- *New Course Development, Piloting and Initial Iterations (\$3,375,000)* - The CT Joint Task Force Organization and Operations Course will train students in the joint command and control structures necessary to institutionalize joint/combined counterterrorism planning, investigations, and operations. Drawing heavily on lessons learned in the USG's efforts to rationalize effective coordination and communication among various agencies, this course will also cover computer and communications equipment that is necessary to integrate joint operations. Three iterations will be delivered.

The Marine Antiterrorism Course will train students from units with a maritime counterterrorism mission on basic maritime tactical practices and procedures necessary to patrol and secure inland and intra-coastal waterways. Subjects will include small boat operations, advanced navigational procedures, maritime patrol, threat/suspect identification, pursuit, boarding, search, and arrest procedures. Requested funding will provide for development, equipment, a pilot course, and three standard iterations.

Combined Exploitation Cell Model – This initiative will develop a one-week course and a software application database designed to provide the end user access to investigative data from around the world. Improvised explosive device (IED) component data, such as the type of explosives, power source, blasting caps, and containers, would be stored in a manner facilitating link analysis to better identify international terrorist organizations and their methods of attack, with a focus on developing actionable intelligence.

- *Program Equipment and Other Support (\$7,500,000)* - "Enabling" equipment grants ensure the successful transfer of knowledge and skills gained in the classroom to the operational environment. These grants support the entire ATA program and include the same equipment on which the student delegations receive their training. With associated equipment grants, students can immediately begin operating in their own jurisdiction with the techniques and capabilities their training provides. Additionally, Resident CT Investigative Advisors will be established in key countries to mentor partner nation personnel and facilitate the implementation of practices taught in the Interdicting of Terrorist Organization (ITO) series of courses. An approximate cost breakdown is \$3.5 million for enabling equipment, and \$4 million for the establishment of ten Resident CT Investigative Advisors.
- *Tri-Border Initiative (\$500,000)* - The Tri-Border region remains a focal point for Islamic extremist and terrorist fundraising in Latin America. The "3+1" Tri-border Area CT dialogue with Brazil, Paraguay, and Argentina aims to improve the capacity of the Tri-Border countries to control borders, share

intelligence, and conduct successful law enforcement against illicit activities that finance terrorism elsewhere. Funds will be applied to assess existing capabilities in a systematic and comprehensive manner, in order to identify training needs and priorities.

Program Assessment Rating Tool (PART)/Performance Evaluation

For preparation of the FY 2006 budget, the Administration reevaluated the Department's Anti-Terrorism Assistance Program using the Program Assessment Rating Tool (PART). While the FY 2006 reassessment score has not been determined as of this report, the program's second PART review in FY 2005 showed an improved rating from moderately effective to effective. The program achieved outstanding scores in the area of program purpose and design, recognizing that the program fills a specific need to build capacity of key countries abroad to fight terrorism. The PART evaluation is one of the factors in the overall decision-making process for resources allocations.

The FY 2005 PART assessment recommended managers fully implement the country rating system, develop efficiency measures and incorporate both into the PART for the FY 2006 budget. Both of these recommendations were implemented in the FY 2006 submission.

Key Indicators: (1) Average length of time a participating country spends in basic CT training; and (2) Number of participating countries that achieve a capability to effectively deter, detect and counter terrorist organizations and threats and sustain those capabilities.

Anti-terrorism Assistance
(\$ in thousands)

	FY 2004 Actual	FY 2005 Estimate	FY 2006 Request
Training			
Afghanistan	7,153	6,000	6,000
Afghanistan - ERF	10,000	-	-
Afghanistan - SUP	35,000	-	-
Africa	10,718	11,975	12,090
Colombia	-	3,920	3,920
East Asia and the Pacific	8,707	9,979	8,660
Europe and Eurasia	20,079	17,298	14,950
Indonesia	5,778	5,300	5,300
Iraq	-	-	10,000
Kenya	-	4,000	3,000
Malaysia	-	870	900
Mobile Antiterrorism Training Team (MATT)	4,776	8,085	8,085
Near East Asia	11,781	12,641	14,390
Pakistan	3,645	6,000	6,000
Philippines	-	500	5,000
South Asia	6,524	7,984	9,970
Tri-Border Initiative	-	500	500
Western Hemisphere	5,331	6,653	5,310
Subtotal - Training	129,492	101,705	114,075
Program Administration			
Alumni Network	-	500	-
Course Translations	2,748	-	-
New Course Development	3,300	4,595	3,375
Program Equipment	-	4,000	7,500
Program Management	5,888	6,000	7,550
Senior Policy Engagement Conferences	-	1,000	1,000
Subtotal - Program Administration	11,936	16,095	19,425
Total	141,428	117,800	133,500

Counterterrorism Financing

(\$ in thousands)

Account	FY 2004 Actual	FY 2005 Estimate	FY 2006 Request
NADR-CTF	-	7,192	7,500

The CTF program is working bilaterally, regionally, and multilaterally with countries whose financial systems are deemed most vulnerable to terrorist financing. U.S. counterterrorism finance assistance programs are aimed at reinforcing the legal, judicial, financial regulatory, financial intelligence, and law enforcement capabilities of foreign governments to detect, dismantle, and deter terrorist financing networks and thwart terrorist acts. These training programs will be conducted on a bilateral and multilateral basis, in the United States or in the host country, depending on the needs of each country. The focus areas of this program are as described below:

- To establish the legal framework, the United States will assist host governments to draft, amend and enact the legal measures necessary to criminalize terrorist financing and money laundering and provide the necessary authorities to develop strong cases in order to prosecute financial crimes.
- On the financial regulatory front, the United States will continue to train bank examiners and financial regulators on methods to detect money laundering and terrorist financing and share “best practices” with financial regulators and private financial institutions, considered the frontline of the war against terrorist financing.
- To reinforce Financial Intelligent Units (FIU) capabilities, the United States will provide advanced training courses for FIU personnel to collect, analyze and disseminate suspicious transaction reports and identify appropriate Information Technology solutions to make FIU’s more efficient.
- For financial crime investigations, the United States will continue to train law enforcement authorities on the most effective methods to investigate terrorist financing and money laundering crimes.
- To ensure that terrorist financiers are brought to justice, the United States will provide training to host government prosecutors, judges, and magistrates on case development and techniques to successfully prosecute terrorist financing crimes and to block and forfeit their assets.

Moreover, the program is intensifying its focus on combating the abuse of charities, alternative remittance systems, and cash couriers by terrorist financiers. Multilaterally, we will work with regional and international organizations such as the United Nation Counter Terrorism Committee, Financial Action Task Force, the European Union, and G-8, as well as other foreign government experts such as the U.K. Charities Commission, to enhance the coordination of CT finance capacity building efforts. We have assessed the financial systems of 19 of the 24 CT finance priority countries and have provided training to the majority of them. Afghanistan and Iraq will be added to our list of priority countries as they need to build sound financial institutions and establish government oversight mechanisms to combat terrorist financing and money laundering.

In FY 2006, \$7.5 million in NADR funds will further develop the CT finance regimes in countries already assessed through these programs and establish CT finance regimes for the newly added priority countries as listed below:

FY 2006 Counterterrorism Financing Programs

Region/Purpose	Amount
Africa	1,500,000
East Asia	1,300,000
Europe	300,000
Near East	2,100,000
South Asia	1,100,000
Western Hemisphere	900,000
CTF Regional Programs	7,200,000
IT Equipment for Programs Abroad	100,000
Program Management Support	200,000
FY 2006 CTF Programs Total	7,500,000

CT Engagement with Allies

(\$ in thousands)

Account	FY 2004 Actual	FY 2005 Estimate	FY 2006 Request
NADR-CTE	-	1,984	2,000

The Office of the Coordinator for Counterterrorism (S/CT) works to ensure that the policies, plans, and activities of foreign governments support U.S. objectives in the Global War on Terrorism (GWOT) through intense diplomatic engagement and provision of funds for priority projects, both bilaterally and through multilateral and regional organizations in the areas of border security, maritime security, legal reform and counterterrorism finance assistance that enhances the security of Americans both at home and abroad.

The focus will be on prevention of terrorism through active U.S. leadership in multilateral approaches that will leverage financial assistance from other donor organizations to further strengthen the GWOT. To continue diplomatic engagement efforts for multilateral diplomatic engagement activities in FY 2006, we plan to invest in the following capacity building initiatives:

Support implementation of the G-8 Secure Facilitated Travel Initiative (SAFTI), the key counterterrorism deliverable at the Sea Island Summit.

Support counterterrorism goals in Latin America through the Inter-American Committee Against Terrorism (CICTE) Executive Secretariat.

Strengthening legal regimes in partner countries.

Support implementation of the Organization for Security and Cooperation in Europe (OSCE) travel document security initiative, as proposed by the U.S. and adopted at a recent OSCE Ministerial level meeting.

Support training and assistance conferences and provide donor assistance to the Asia Development Bank to support counterterrorism proposals, consistent with a recent APEC Summit commitment.

Provide support to the African Union, which has recently opened a counterterrorism center in Algiers. Continued U.S. assistance will help to shape this organization to support U.S. counterterrorism goals in Africa.

Terrorist Interdiction Program

(\$ in thousands)

Account	FY 2004 Actual	FY 2005 Estimate	FY 2006 Request
NADR-TIP	4,971	4,960	7,500

The Terrorist Interdiction Program (TIP) serves to enhance the security of Americans both at home and abroad by strengthening international cooperation in the fight against terrorism and assisting participating nations with securing their borders. TIP strives to significantly impact terrorists' freedom of movement between countries by providing participating nations with a computer network enabling immigration and border control officials to quickly identify suspect persons attempting to enter or leave the country. TIP also provides participating nations with increased capability to collect, compare, and analyze traveler data and contribute to the global effort to understand terrorist methods and track their movements.

Terrorists are known to take advantage of nations with little or no effective capability to identify or track their passage, and which therefore pose little risk of apprehension. By providing a fast, secure and reliable means to gather information on every person entering or leaving through national ports of entry, and the means to check each person's identity against a current terrorist watchlist, on the spot, TIP provides the potential to dramatically complicate and/or disrupt terrorist planning and execution.

TIP installs and maintains the Personal Identification Secure Comparison and Evaluation System (PISCES) at selected air, land and sea points of entry in participating nations. PISCES workstations installed throughout a country are linked by wide area network to the participating nation's immigration, police or intelligence headquarters. The headquarters is provided with the automated capability to monitor activities at immigration points, evaluate traveler information and conduct real time data analysis.

TIP provides all necessary hardware and software, full installation, operator training, and system sustainment. Additionally, TIP assists with immigration business process improvement at ports of entry chosen for PISCES installation.

TIP provides the structure and methodology for meaningful counterterrorism cooperation between the United States and the participating nation. Host nation and USG elements can identify trends and patterns, track suspicious individuals, collect evidentiary data, and link information in post-event analysis.

For FY 2006, the Department will focus primarily on expanding the watchlist capabilities in Afghanistan (\$500K), Iraq (\$2.0M), Pakistan (\$500K) and Thailand (\$2.0M), as well as sustaining previous system installations in 15 other countries and upgrading systems in those countries where the need is greatest (\$1.5M). Funds requested for 2006 should also permit initial installation of the watchlist system in one or two additional high priority countries among the 60 nations, identified by inter-agency assessment, whose participation in this program would benefit U.S. counterterrorism efforts (\$1.0M). TIP was assessed as "effective" in its re-evaluation under the PART process for the FY 2006 budget cycle.

Program Assessment Rating Tool (PART)/Performance Evaluation

For preparation of the FY 2006 budget, the Administration reevaluated the Department's Terrorist Interdiction Program using the Program Assessment Rating Tool (PART). In its second PART review, the program showed an improved rating from results not demonstrated to effective. The assessment found the program purpose and design to be excellent, providing foreign governments with the Personal Identification Secure Comparison and Evaluation System (PISCES) that enables border control officials to quickly identify and detain or track suspect persons seeking to cross their borders and collect, compare, and analyze

traveler data. The program has responded to OMB's findings and recommendations by improving its long-term performance measures, establishing an adequate efficiency measure and working to strengthen its program management staff. The PART process provided information that was taken into account in the overall decision-making process for resources allocation.

Key Indicators: (1) Number of TIP PISCES phased installations completed per yearly appropriation; (2) Percentage of the highest priority countries capable of screening for terrorists through implementation of the Terrorist Interdiction Program; and (3) Percentage of foreign government usage of the Terrorist Interdiction Program's watchlist system across all sites at which the system is installed.

Terrorist Interdiction Program
(\$ in thousands)

	FY 2004 Actual	FY 2005 Estimate	FY 2006 Request
Africa			
Djibouti	271	-	-
Kenya	400	-	-
Tanzania	300	-	-
Uganda	150	-	-
Subtotal - Africa	1,121	-	-
East Asia and the Pacific			
Cambodia	150	-	-
Philippines	750	-	-
Thailand	1,000	-	-
Subtotal - East Asia and the Pacific	1,900	-	-
Near East			
Iraq	500	-	-
Jordan	350	-	-
Morocco	350	-	-
Subtotal - Near East	1,200	-	-
South Asia			
Pakistan	750	-	-
Subtotal - South Asia	750	-	-
Global			
Terrorist Interdiction Program	-	4,960	7,500
Subtotal - Global	-	4,960	7,500
Total	4,971	4,960	7,500

Humanitarian Demining Program

(\$ in thousands)

Account	FY 2004 Actual	FY 2005 Estimate	FY 2006 Request
NADR-HD	48,705	59,024	72,000

The U.S. humanitarian demining program supports our nation's strategic objective to “Advance sustainable development and global interests” by providing a “humanitarian response” to the harmful social and economic effects generated by landmines, unexploded ordnance (UXO) and abandoned ordnance (AO). Administered by the Office of Weapons Removal and Abatement, the humanitarian demining program comprises an integral part of a comprehensive post-conflict strategy. Program goals are to protect the victims of conflict, restore access to land and infrastructure, advance peace and promote conflict resolution, develop host nation capacity, demonstrate support for friends, allies and partners, improve the global humanitarian mine action response, expand the funding base for mine action and facilitate small arms/light weapons destruction efforts. The United States furthers these goals by supporting landmine surveys, mine and UXO clearance and mine risk education, and by helping to develop indigenous mine action capabilities in mine-affected nations.

The FY 2006 request for \$72 million demonstrates a continued USG commitment to foster a world that is safe from landmines, articulated in the February 2004 presidential landmine policy announcement. Since 1993, the United States has contributed more than \$900 million in resources to support mine action activities in over 40 countries. NADR Humanitarian Demining Program funding is being requested for 15 country programs and a variety of multi-nation mine action initiatives. Funds will be provided to commercial firms, international organizations, and non-governmental organizations via contracts and grants and will be used to support mine/UXO clearance operations, to purchase mine detection and clearance equipment and supplies, to facilitate training for mine action and/or to provide mine risk education and instructional materials based on country need. Additional funds for mine action are being requested and justified under the NADR International Trust Fund section.

The humanitarian demining program has achieved a number of successes. For example:

- Afghanistan: In 2004 State funded demining and clearance teams have cleared 13,697,162 sq. meters of land and destroyed 197,881 explosive devices. Of special interest our EOD teams have additionally destroyed 82 man-portable air defense systems (MANPADS) and 36,402 rockets.
- Azerbaijan: The robust USG assistance provided since FY 2000 has added much needed stability to the program and increased Azerbaijan National Agency for Mine Action ability to synchronize operations, expand capacity and ensure quality training and oversight. Between 2001 and 2004, 13.8 million square meters of land has been cleared. A national plan has been developed to eliminate the threat of landmines and UXO from all accessible areas of the country by 2008.
- Laos: With substantive US assistance, Laos established the National Regulatory Agency in September 2004 to manage HMA, is expanding HMA operations, and has developed a comprehensive strategic plan. US assistance is focused on the development of a responsive and accountable mine action program and increased capacity. Laos cleared 8.8 million square meters (m²) of mines and UXO in 2003.
- Lebanon: The highly successful integration of mine detection dog teams, mechanical flails, and manual deminers has produced a greatly increased rate of mine and UXO clearance and a significant expansion in the amount of cleared land returned to productive use (2002: 145,600 m²; 2003: 331,845 m²). Lebanon is well on the way to achieving an indigenous HMA capacity by the end of FY 2007.

- Mozambique: By the end of 2003 there was substantial progress towards fulfilling the Mozambican five year Mine Action Plan (2002-2006), which supports the Government's National Poverty Reduction Action Plan. Clearance of approximately 6.9 million m² of land by government, commercial and NGO operators led to safe working and living environments for 136 villages. U.S. assistance to HALO Trust operations supports reaching impact-free in the four northern provinces by 2007. Continued assistance to the U.S. military trained Armed Defense Force humanitarian demining cadre will sustain quality of skills and logistical resources.

Country Programs

The FY 2006 request will sustain and expand existing U.S. demining efforts in those countries most severely affected by landmines (Afghanistan, Angola, Cambodia, Laos, and Vietnam). It will also permit continuation of accelerated efforts in countries that are approaching mine safe status, such as Azerbaijan. Provision of specific assistance is based on a careful assessment of both the socio-economic impact of landmines in a particular nation and on the overall Department's Strategic Objectives and Goals as set forth in the USAID/DoS Strategic Planning Framework. Guidelines for this assessment are found in the Department's Humanitarian Mine Action Strategic Plan. For countries with a mature program, funds will both replenish equipment and support expansion of other efficient and proven methods, such as mine detection dog teams.

Crosscutting Initiatives, Emergency Response and Post-Graduation Support

Demining funds are also requested to support multi-country activities carried out under the program lines identified as follows:

- Crosscutting Initiatives: These funds will support programs that increase data and information exchange among the global demining community; non-technical research on mine action; and Survivors' Assistance initiatives.
- Emergency Response: These funds will support the Quick Reaction Demining Force (QRDF) and an Emergency Contingency Fund that will allow for worldwide crisis response. The QRDF was established in 2000 under cross-cutting initiatives, but given the importance of emergency response a new category was created this year.
- Post-Graduation Support: These funds will provide occasional refresher or other specialized training, specific technical support, or equipment replacement that is required to maintain the efficacy of a "graduated" program to both continue their work and protect our past investment. This is a new category; previously, countries needing limited support were retained on the rolls as active country programs - a practice that distorted the true picture of host nation capabilities.

Administrative Expenses

Administrative expense funding supports travel, supplies, utilities and contractual services, particularly for computer operations, on behalf of the organization administering the humanitarian demining program. Frequent travel is essential to provide aggressive program oversight and ensure the efficient and effective use of mine action funds.

Program Assessment Rating Tool (PART) / Performance Evaluation

For preparation of the FY 2006 budget, the Administration reevaluated the Department's Humanitarian Demining Program (HDP) using the Program Assessment Rating Tool (PART). The program was again rated as effective. The program makes a unique contribution in providing mine risk education and mine clearance training and assistance with the goal of helping foreign mine-affected nations develop indigenous

mine action capabilities. The PART findings were one factor used in the overall decision-making process for resources allocations.

In response to recommendations in the FY 2005 PART review, the HDP revised existing annual performance measures and developed an additional performance measure toward better indications of progress toward the long-term target that measures the number of countries achieving an indigenous mine action capacity with little external funding support. HDP also demonstrated progress on its efficiency measure and incorporated the measure into the PART for the FY 2006 budget.

Key Indicators: (1) Countries reaching sustainment or end state/cumulative budget authority; (2) Square meters of land cleared in U.S. program countries (2) Number of U.S. program countries able to sustain future operations with indigenous capacity with little to no external funding.

Humanitarian Demining Program
(\$ in thousands)

	FY 2004 Actual	FY 2005 Estimate	FY 2006 Request
Africa			
Angola	5,300	5,907	6,000
Chad	950	1,000	3,000
Eritrea	1,452	2,800	-
Mozambique	1,492	2,336	2,500
Senegal	112	-	-
Sudan	2,858	2,500	3,000
Subtotal - Africa	12,164	14,543	14,500
East Asia and the Pacific			
Cambodia	3,466	3,920	3,500
Laos	1,412	2,500	3,000
Vietnam	2,714	2,850	3,500
Subtotal - East Asia and the Pacific	7,592	9,270	10,000
Europe and Eurasia			
Azerbaijan	2,468	3,500	4,000
Georgia	1,500	3,000	3,000
Subtotal - Europe and Eurasia	3,968	6,500	7,000
Near East			
Iraq	-	-	16,000
Jordan	950	-	-
Lebanon	900	2,300	1,000
Yemen	773	700	1,000
Subtotal - Near East	2,623	3,000	18,000
South Asia			
Afghanistan	12,519	12,000	11,000
Sri Lanka	1,775	2,700	3,500
Subtotal - South Asia	14,294	14,700	14,500
Western Hemisphere			
OAS Demining	2,611	1,766	1,600
Subtotal - Western Hemisphere	2,611	1,766	1,600

Humanitarian Demining Program
(\$ in thousands)

	FY 2004 Actual	FY 2005 Estimate	FY 2006 Request
Global			
Demining Mine Surveys	-	3,000	-
Demining Administrative Expenses	690	690	700
Demining Crosscutting Initiatives	4,019	2,750	2,400
Demining Emergency Response	-	-	2,000
Demining New Country Programs	-	2,000	1,000
Demining Post-Graduation Support	-	-	300
Demining Research and Training	744	805	-
Subtotal - Global	5,453	9,245	6,400
Total	48,705	59,024	72,000

International Trust Fund

(\$ in thousands)

Account	FY 2004 Actual	FY 2005 Estimate	FY 2006 Request
NADR-ITF	9,941	9,920	10,000

The program supporting the International Trust Fund (ITF) for Demining and Mine Victims' Assistance is a special component of the U.S. humanitarian demining program, which supports our nation's strategic objective to "Advance sustainable development and global interests" by providing a "humanitarian response" to the harmful social and economic effects generated by landmines, unexploded ordnance (UXO) and abandoned ordnance (AO). In addition, U.S. contributions to the ITF foster regional stability through mine action projects.

The ITF was established by the Republic of Slovenia, yet operates as an independent international organization. It commenced financial operations in September 1998, initially focusing on Bosnia and Herzegovina. The ITF has been a success both operationally and financially and has become the demining instrument of choice for the international community in the Balkans. Currently, the ITF provides financial support for over two-thirds of all demining operations being conducted in the region. Among ITF's successes are:

- Facilitated the clearance of 48,745,706 square meters of land in five Balkan countries from 1999 to December 2004.
- Advances regional cooperation through its work as a founding member of the South East Europe Mine Action Coordination Council (SEEMAC).
- Fostered, mine victims' assistance programs through the Slovenian Rehabilitation Institute and rehabilitation centers in Bosnia and Herzegovina, which, among other services, provided 418 prosthetic limbs to survivors.

In May 1998, Congress appropriated \$28 million for the ITF to assist mine-affected countries in the Balkan region. Since then, the U.S. has contributed more than \$62 million in matching and unilateral contributions to support mine action in the Balkans and the Caucasus. These funds have been provided to the ITF to match other donor contributions, thus effectively doubling funding for the ITF's projects.

The FY 2006 request for \$10 million will continue matching dollar-for-dollar the contributions of other international donors. In 2004, the ITF operated in Albania, Bosnia and Herzegovina, Croatia, Serbia and Montenegro, coordinating a broad range of mine action activities. The bulk of the FY 2006 contribution will fund humanitarian mine action in Bosnia and Herzegovina and Croatia, which despite the assistance provided through the ITF remain the most heavily mine impacted of the Balkan states.

Small Arms/Light Weapons Destruction

(\$ in thousands)

Account	FY 2004 Actual	FY 2005 Estimate	FY 2006 Request
NADR-SALW	3,982	6,944	8,750

Cold War-era surpluses of small arms and light weapons (SA/LW) worldwide—often poorly secured and susceptible to theft or illicit transfer—have become a major source of arms on the global black market. The Small Arms/Light Weapons Destruction Program seeks to destroy surplus and illicit stocks of military SA/LW and associated ammunition, as well as to assist states to properly secure remaining SA/LW stocks required for legitimate defense needs so that they will not leak into the black market. The program supports U.S. national interests in promoting regional stability, minimizing threats to civilian populations, combating terrorism and crime, rebuilding post-conflict societies, and protecting U.S. and allied forces deployed overseas. SA/LW generally refers to military-style automatic rifles, machine guns, man-portable anti-tank and anti-aircraft missiles, rocket-propelled grenade launchers, and light mortars.

If not expeditiously destroyed or secured, stocks of arms and ammunition left over after the cessation of hostilities frequently circulate into neighboring regions, exacerbating conflict and crime. Given that destruction and select improvements to storage facilities are relatively inexpensive and can generally be accomplished using locally available infrastructure and personnel, the program offers large dividends in threat reduction for a modest investment and complements the war on terrorism.

The small arms/light weapons program has had a number of successes, including:

- The destruction/disabling of over 10,500 man-portable air defense systems (MANPADS) since 2003.
- The destruction of over 700,000 SA/LW and over 77 million rounds of ammunition in 20 countries since the program's inception in FY 2001.

The FY 2006 request will sustain existing SA/LW programs in countries with significant excess weapons stocks (e.g., Cambodia, Kazakhstan, Serbia and Montenegro, Ukraine and Yemen). It also will support continued destruction of weapons collected in post-conflict countries such as Afghanistan and Sudan.

In addition to anticipated requirements for the established SA/LW destruction programs, the additional funds will continue to support MANPADS elimination and unforeseen SA/LW destruction needs. After the attack on a civilian airliner in Mombasa, Kenya in November 2002, efforts to counter MANPADS proliferation through the elimination of excess or illicit stocks became a priority of the USG—a priority that has been reinforced by the 2003 FBI sting operation in Newark and attacks on aircraft in Iraq. As the program has matured since its inception in 2001, a requirement for a rapid response capability to meet urgent/unforeseen SA/LW destruction needs has emerged. One recent example is Liberia, where reallocated FY 2003 and FY 2004 funds were used to support weapons destruction as part of the demobilization, disarmament, and reintegration process in the wake of the August 18, 2003 Comprehensive Peace Agreement. A second example is Sao Tome and Principe, where reallocated FY 2004 funds were used for the destruction of hazardous ordnance that posed a humanitarian threat.

Small Arms/Light Weapons Destruction
(\$ in thousands)

	FY 2004 Actual	FY 2005 Estimate	FY 2006 Request
Africa			
Burundi	-	200	-
Guinea-Bissau	-	200	-
Liberia	160	-	-
Sao Tome and Principe	50	-	-
Sudan	-	300	300
Tanzania	-	200	-
Subtotal - Africa	210	900	300
East Asia and the Pacific			
Cambodia	300	250	200
Philippines	-	100	150
Subtotal - East Asia and the Pacific	300	350	350
Europe and Eurasia			
Albania	-	300	300
Belarus	-	300	300
Bosnia and Herzegovina	-	400	400
Bulgaria	500	244	400
Georgia	-	-	300
Kazakhstan	-	500	700
Serbia and Montenegro	-	800	800
Tajikistan	-	-	300
Ukraine	642	1,500	1,500
Subtotal - Europe and Eurasia	1,142	4,044	5,000
Near East			
Yemen	-	-	800
Subtotal - Near East	-	-	800
South Asia			
Afghanistan	-	500	1,000
Sri Lanka	-	200	-
Subtotal - South Asia	-	700	1,000
Western Hemisphere			
Bolivia	-	100	-
Colombia	-	200	200
Ecuador	-	150	200
Nicaragua	300	300	-
Peru	-	200	200

Small Arms/Light Weapons Destruction
(\$ in thousands)

	FY 2004 Actual	FY 2005 Estimate	FY 2006 Request
Subtotal - Western Hemisphere	300	950	600
Global			
MANPADS	2,000	-	-
New Country Programs	-	-	700
SA/LW Conference	30	-	-
Subtotal - Global	2,030	-	700
Total	3,982	6,944	8,750

Global HIV/AIDS Initiative

(\$ in thousands)

Account	FY 2004 Actual	FY 2005 Estimate	FY 2006 Request
GHAI	488,103	1,374,000	1,970,000

The FY 2006 request includes \$170 million for the 15 focus countries that was previously requested in USAID's Child Survival and Health account.

The Global HIV/AIDS Initiative account is the principle source of new funding for the President's Emergency Plan for AIDS Relief (the Emergency Plan). The Emergency Plan's vision is to help turn the tide of this global pandemic. The FY 2006 request for the GHAI account is \$1.97 billion, a significant increase that will continue the ramp-up of activities in 15 focus countries and other bilateral programs. This includes country activities, centrally-funded programs, international partners, technical oversight and management, and strategic information and evaluation.

Country Activities – \$1.302 billion to expand integrated prevention, care and treatment programs in 15 focus countries: Botswana, Cote d'Ivoire, Ethiopia, Guyana, Haiti, Kenya, Mozambique, Namibia, Nigeria, Rwanda, South Africa, Tanzania, Uganda, Vietnam, and Zambia. An additional \$50 million will be used to increase funding for HIV/AIDS activities in other countries, complementing funds provided from the Child Survival and Health Programs Fund (CSH), the Economic Support Fund (ESF), Assistance for Eastern Europe and the Baltic States (SEED), Assistance for the Independent States of the Former Soviet Union (FSA), and from accounts of the Department of Health and Human Services (HHS).

Central Programs – \$393 million for central programs that are used for technical leadership and for technical assistance and the rapid expansion of activities in the focus countries such as: anti-retroviral therapy, including quality assurance; safe medical injections; safe blood supply; orphans and vulnerable children; abstinence and faithfulness; human capacity development; twinning of U.S. and overseas institutions; and supply chain management.

International Partners - \$127 million will supplement funding from the CSH and HHS accounts for international partners. \$100 million will go to the Global Fund to Fight AIDS, Tuberculosis and Malaria from this account in addition to \$200 million proposed under the CSH and HHS accounts.

Technical Oversight and Management - \$63 million is for technical oversight and management costs. This includes the salaries and travel costs of the people that monitor and backstop the program from the headquarters of the various agencies (the U.S. Agency for International Development (USAID), the Department of Health and Human Services (HHS), the Department of Defense (DOD), and the Peace Corps (PC)) that implement the Emergency Plan, as well as up to \$12 million for the administrative expenses of the Office of the U.S. Global AIDS Coordinator.

Strategic Information - \$35 million is for the Strategic Information system that is used to monitor program performance, including tracking progress toward goals and evaluating interventions for efficacy; and to provide descriptive information about Emergency Plan activities.

Use of FY 2006 Funding In the Focus Countries:

Botswana (\$41 million). Botswana is experiencing one of the most severe HIV/AIDS epidemics in the world, with the second-highest HIV-prevalence in Sub-Saharan Africa. UNAIDS estimates that 37.3% of adults 15-49 years of age are infected with HIV. During FY 2006, Emergency Plan funding will be used to rapidly strengthen Botswana's fight against HIV/AIDS through focused prevention, improved counseling and testing services, and expanded treatment and care. The United States Government HIV/AIDS program in Botswana (BOTUSA) will play a key role by partnering with the Government of Botswana (GOB), organizations of the United Nations, the Merck and Gates Foundations' African Comprehensive HIV/AIDS Partnership (ACHAP), and other donors to provide services for people and communities heavily impacted by HIV/AIDS.

In order to reach all three strategic plan targets for BOTUSA, the behavioral prevention activities will be more focused in order to allocate additional funds to treatment. Prevention activities that will continue include the popular *Makgabaneng* radio serial drama, the Ministry of Education life skills instructional materials project, and the small and medium-sized grants to youth and faith-based organizations focusing on abstinence and faithfulness activities. Through these activities, an estimated 15,199 new HIV infections will be averted. Also, BOTUSA will help prevent 1,876 new mother-to-child HIV infections through ongoing capacity development in the GOB and other partners. The focus of this effort is to support routine testing in 100% of all antenatal clinics with 95% of mothers accepting services, increase access to treatment to 100% of HIV infected pregnant women and improve the quality of PMTCT services.

BOTUSA will continue to provide vital technical and financial support to key partners, GOB, and umbrella organizations to strengthen non-governmental, faith-based and community-based organizations providing care and support. In 2006, these efforts will reach at least 40,000 new people living with HIV/AIDS and orphans and vulnerable children. The USG will continue to support HIV counseling and testing services through *Tebelopele* voluntary counseling and testing centers and GOB routine HIV testing in clinical settings.

In 2006, BOTUSA will rapidly expand treatment, providing services at least 10,500 new patients through a network of 32 government hospitals and 13 clinics. This will be accomplished through improving antiretroviral (ARV) delivery services in rural areas using the outreach model, strengthening private-public partnership, providing human resources to strengthen monitoring and evaluation for national ARV program, decentralizing HIV laboratory testing from current hospital based delivery and improving access to special groups. Botswana will conduct one targeted evaluation on ARV drug resistance, adherence to ARV treatment and survival rates.

Cote D'Ivoire (\$30 million). The Ivory Coast has a generalized HIV epidemic and the highest HIV prevalence in West Africa with an estimated stable adult population prevalence of 7.0%. FY 2006 funding will be essential to help make up ground that has been lost during a severe political crisis in 2004. Prevention activities targeting vulnerable populations such as unformed services, mobile populations and sex workers require rapid expansion to achieve effective population coverage. Prevention of mother-to-child transmission (PMTCT), voluntary counseling and testing and comprehensive HIV treatment services will be expanded with additional resources building on existing models. By the end of FY 2005, orphans and vulnerable children (OVC), palliative care and decentralized care and treatment models will be well placed to expand with establishment of effective models and a mechanism to provide small grants with management and technical support. Partnerships with faith based and community based organizations reaching out to rural populations and crisis afflicted regions will be established in FY 2005 and further expanded in FY 2006 with improved links between services. The USG has played an integral role in expanding comprehensive HIV treatment in Cote d'Ivoire since the launch of the 1998 national pilot drug access initiative and will continue FY 2005 efforts in 2006 to support the national treatment roll out plan

and complement other Global Fund activities. Lack of human capacity is a serious obstacle and an evaluation in FY 2005 will lead to activities to address gaps in critical human resources in FY 2006.

Ethiopia (\$92 million). Ethiopia is the second most populous country in sub-Saharan Africa, with a 2003 population estimated at 70 million people from 83 ethnic groups and languages, in an area almost twice the size of Texas. The national adult prevalence for 2003 is estimated at 4.4%, with a 12.6% urban rate and a 2.6% rural rate. In FY 2006 funds will be used to further expand and scale up prevention, care, and treatment activities in rural and urban areas of all 11 regions and several refugee camps in the west and north. Abstinence and faithfulness awards will support development and delivery of information, education, and behavioral change messages that will reach approximately 750,000 youth through the training of over 600 religious leaders and more than 12,000 youth peer educators. U.S. government efforts will reach an additional 270,575 HIV positive patients with basic palliative care by March 2006 and even more by the end of the year. In 2006, the Emergency Plan will support up to 156,540 orphans and vulnerable children, which feeds into the long range goal of 500,000 by 2008. Interventions for most-at-risk populations will focus on condom distribution and other activities at sites along the Addis-Djibouti corridor.

In 2006, the Emergency Plan will continue provide technical assistance, training, supportive supervision, and commodities to 55 hospitals (25 from 2004, plus 30 new sites shared with the Global Fund) and an estimated 311 health centers, in the 11 regions of Ethiopia, as well as assistance to non-governmental organizations (NGOs) and community- and faith-based organizations for provision of community- and home-based care and support. The U.S. government will continue its collaboration with the Ministry of Health and the World Health Organization to integrate Ethiopia's TB and HIV/AIDS programs in targeting sites so that comparative advantages are maximized to ensure quality, coverage, and use of antiretroviral therapy (ART) by at least 50 percent of eligible people living with HIV/AIDS (PLWHA) -- or over 200,000 persons -- in over 100 health networks nationwide by 2008.

Guyana (\$21 million). Available evidence suggests that HIV/AIDS is a growing problem in Guyana, and that it is now a generalized epidemic. The Emergency Plan funds will be used to rapidly expand prevention, treatment, and care activities through improvement of the central medical center in the capital city and an increase in the number of integrated HIV/AIDS service sites elsewhere in the country. Additional activities will include the updating of the FY 2004 national treatment guidelines, training, and continuing support for the Voluntary Counseling and Testing and Prevention of Mother-to-Child Transmission programs, continuing integration and transfer of management of HIV/AIDS programs to the MOH, improving laboratory infrastructure and services, monitoring and evaluation, establishing improved communications, developing capacity and leadership in the health sector, and other national-level support to address HIV/AIDS. Care and prevention activities will be centered around HIV/AIDS treatment services sites, strengthening the network model and ensuring linkages and cross referral to community services. Geographic expansion to at least four additional antiretroviral delivery sites is expected in 2006 and will also include care programs including the integration of HIV testing and counseling and referral services into TB and sexually transmitted disease (STD) clinical services.

Prevention activities will be scaled up through the media, capacity building and community outreach through local non-governmental organizations (NGOs) and faith-based organizations (FBOs), workplace programs, and peer education/services support for programs reaching high-risk groups such as the military, miners, sex workers, border communities, and transportation workers. There will continue to be a strong emphasis on abstinence and faithfulness programs that will endorse virginity, caution young women to be wary of men's efforts to seduce them before they are ready for sex, and convey that abstinence is a social norm among young people. Separate messages, using similar mediums will target persons in relationships with messages of know your status and be faithful. Audiences to be targeted will be youth in the last years of primary school and first years of secondary school through work with school health clubs, youth camps,

development of the family health and life education component of the country strategy, and support for the Minister of Health's "keeping the pledge" for the abstinence and behavioral change aspects of his FY 2004 prevention and awareness campaign.

Haiti (\$47 million). According to the United Nations Development Program, seventy-five percent of Haiti's 8.5 million people are living at or below the absolute poverty level and Haiti has the highest HIV prevalence of any nation in the Latin America/Caribbean region. An estimated 5.6% of the population is HIV infected. Haiti is second only to Brazil in the absolute numbers of persons living with HIV in the Western Hemisphere with estimated number between 157,710 and 275,742.

Emergency Plan funds will be used to scale-up prevention, treatment and care activities, strengthen the public health network capacity through training, and develop public/private partnerships. A strong emphasis on abstinence and be faithful (AB) messages will continue for youth in and out of school, continuing the policy of starting with pre-teens, and emphasizing secondary abstinence for teens and those in their early twenties. Focused activities to reach groups particularly at risk including mobile men, men who have sex with men, sex workers, non-formal sector workers, and men in uniform will be scaled up.

The FY 2005 initiatives for strengthening the public health network and increasing uptake of testing and facility-linked care, including traditional healers will also be scaled up in FY 2006. Additionally, the management and human resources support to the Ministry of Health (MOH) through networks of public/private partnerships and direct support from Centers for Disease Control and Prevention will also be increased. Further emphasis will be placed on providing palliative care to reach greater numbers of people living with HIV/AIDS (PLWHA) through the use of both community and facility-linked care and support. Care will be provided through networks of faith-based organizations (FBOs), non-governmental organizations (NGOs) and community-based organizations (CBOs). Since PLWHA have a very high likelihood of developing active tuberculosis, support will be expanded to HIV/TB centers to better integrate HIV testing and treatment programs for this high-prevalence population. TB patients who are co-infected with HIV will be provided appropriate follow up for treatment with antiretrovirals and distribution of the basic care package. The estimated number of orphans and vulnerable children (OVC) has doubled since 2000. Support to OVC through indigenous NGO, FBO and CBO partners as well as US-based private voluntary organizations (PVOs) will be scaled up to reach the maximum number of children.

Finally, anti-retroviral treatment (ART) will be scaled up to include eight additional clinical sites. There will be increased emphasis on quality assurance/quality control and each site will be "twinned" with a US-based institution. Earlier investments in capacity building should result in a transfer of HIV/AIDS related activities to increasingly decentralized service providers. This will help improve access to prevention, care and treatment for thousands of Haitians.

Kenya (\$162 million). Emergency Plan funds will be used to continue rapid expansion of treatment and care activities, building on previous service delivery and capacity building activities. We will strengthen the collaboration between early funding partners and other in-country programs, specifically focusing on reaching our target of providing services for 500,000 orphans and vulnerable children (OVCs). The Emergency Plan will also increase prevention of mother-to-child transmission (PMTCT) services by another 10 percent from the previous year. Additionally in 2006, it will reduce incidence of HIV infection in young people through mass media, community level communication, youth centers, and other approaches. Through this effort, the United States government (USG) team will emphasize teaching young people how to avoid HIV infection through abstinence and delay of sexual debut. It will also reduce HIV incidence by using 300 local faith-based, community-based and non-governmental organizations (FBOs, CBOs, and NGOs) to do community level program implementation of culturally appropriate prevention activities. Some of these civil society organizations will implement HIV prevention interventions targeting

750,000 secondary and university students, teachers, and community members. Finally, funding will allow more than 175,000 people with HIV/AIDS to receive palliative care services.

In 2006, the USG will also continue to work with other donors to provide technical assistance, training, supportive supervision, and commodities to 50 hospitals and 400 health care centers in 35 districts in Kenya. The U.S. government will continue its collaboration with Kenya's National Leprosy and TB Program, the Ministry of Health, UNAIDS, and the World Health Organization to further integrate Kenya's TB and HIV/AIDS programs.

Mozambique (\$58 million). In 2004, HIV prevalence in pregnant women was 14.9% (2004 projection based on 2002 data), an estimated 1.4 million people were living with HIV/AIDS, and there were approximately 273,000 AIDS orphans. The United States Government (USG) will assist the Government of Mozambique (GoM) efforts to mitigate the HIV/AIDS epidemic through the development of guidelines and protocols, training, strengthening of laboratory services, monitoring and evaluation, commodities procurement and logistics, and communications for the country's integrated health network. In 2006, this assistance will continue to support all of Mozambique's integrated HIV/AIDS network sites and all of the patients receiving palliative care and treatment services at these sites. At the same time, USG partners will provide direct services to patients, reaching 30,000 Mozambicans with antiretroviral therapy at 33 USG-supported sites by the end of 2006. As part of this scale-up, the United States Government will also dramatically increase the number of women reached with services to prevent mother-to-child HIV transmission. Expanded HIV prevention efforts will encompass several hundred thousand youth in programs that foster abstinence and faithfulness. These programs will also involve parents and leaders who can help children and young adults successfully commit to abstinence and being faithful (AB). Targeted behavior change activities in the workplace and through the media will help individuals in high-risk groups, such as the military, migrant laborers, and long-distance truck drivers, to better judge their personal risk of HIV infection and then take steps – abstinence, behavior change and condom use (ABC) -- to reduce risk.

The home-based palliative care and orphan support services provided by the USG's community-based and faith-based partners will continue to be implemented in conjunction with the clinical service sites, thereby strengthening linkages and referrals to make available the full range of essential HIV/AIDS services to infected and affected individuals and families. By the end of FY 2006, these community-based services will directly reach approximately 125,000 orphans and vulnerable children and 130,000 people living with HIV/AIDS.

Namibia (\$49 million). Namibia's severe, generalized HIV epidemic continues to grow rapidly. With an HIV prevalence of 22%, it is among the top five most affected countries. The first AIDS case was reported in 1986, and 10 years later AIDS became the leading cause of death. Namibia, one of the most sparsely populated countries in Africa with a total population of 1.83 million, has an estimated 250,000 HIV-infected individuals. The HIV seroprevalence rate among pregnant women has increased rapidly, from 4.2% in 1992 to 22% in 2002.

FY 2006 Emergency Plan funds will be used to rapidly expand prevention, care, and treatment services to a wider population by building on previous service delivery and capacity-strengthening activities. This will include continued expansion and consolidation of treatment to 35 Ministry of Health and Social Services and Mission hospitals, expansion of counseling and testing services, strengthening the referral and follow-up process for care/treatment services throughout the health care network, and continued expansion of effective services to prevent mother-to-child transmission to all antenatal clinics in the country. Improved access to clinical care for opportunistic infections will be expanded from the center of excellence through the health network to the clinic level by strengthening linkages between the community and health system.

Prevention activities will be scaled-up through the media, community action forums, door-to-door campaigns, and peer educator programs for high-risk groups such as the military, prisoners, police, truckers, other mobile workers, and commercial sex workers. The United States Government's strong emphasis on abstinence and faithfulness for youth ages 8-24 will continue to reach both in- and out-of-school youth with supportive prevention initiatives through non-governmental organizations and faith-based groups. Working with communities and faith-based organizations, programs to reach orphans and vulnerable children (OVC) will be expanded. An OVC database, soon to be completed by the Ministry of Women Affairs and Child Welfare, will guide the expansion.

Nigeria (\$127 million). Nigeria is heavily impacted by the HIV/AIDS epidemic. There is around 3.5 million people infected with HIV, approximately 1.8 million HIV/AIDS orphans, and the seroprevalence among women attending antenatal clinics in 2003 was 5.0%.

The Emergency Plan funds for Nigeria will be used to build on FY 2005 successes in the six initial focus states, consolidating lessons learned and rapidly expanding prevention and care activities as well as treatment with antiretroviral drugs (ARVs). FY 2006 funding will be used to establish Centers of Excellence, build capacity in secondary and community-based facilities, and strengthen the referral systems within this network-based design. A key element of the referral system is ensuring adequate access to tuberculosis diagnosis and treatment for HIV/AIDS patients, as well as routine HIV counseling and testing for TB patients. To greatly expand the reach of current diagnostic and treatment facilities, many of the TB treatment programs that were strengthened in FY 2005 will be expanded to include HIV testing, counseling and administration of antiretroviral therapy (ART) in their package of services.

Community engagement is the key to the successful expansion of prevention, care and support activities, and the HIV/AIDS epidemic has presented communities with many new challenges. The community-based partnerships initiated with faith-based organizations and civil society organizations in FY 2005 will have built capacity in other grassroots organizations by FY 2006. This will enable them to utilize additional resources effectively to provide community-based care and support, along with abstinence and be faithful messages, to significantly more individuals affected by HIV/AIDS. The newly integrated Strategic Information collection system will begin to capture these results, and will inform programmatic decisions that will be made in coming years.

Rwanda (\$75 million). HIV/AIDS imposes an extreme hardship on an already impoverished population. Approximately 49,000 people die each year from AIDS. Rwanda's average life expectancy, now only 44 years, could drop further with an advancing AIDS epidemic. Because most Rwandans are subsistence farmers, illness of a breadwinner is devastating to families. AIDS, compounding the social upheaval resulting from the genocide, has orphaned an estimated 160,000 children. Only 28% of households with an HIV/AIDS patient are able to pay for even basic care, leading families to borrow money, sell assets, or forego needed treatment.

FY 2006 Emergency Plan funds will be used to build on existing prevention, care and treatment activities, with an emphasis on building capacity of local organizations in six provinces. The United States Government (USG) will help scale-up prevention of mother-to-child transmission, voluntary counseling and testing and antiretroviral therapy (ART)/clinical care services through innovative approaches including performance-based financing which builds managerial capacity of sites and districts, and graduates the management of those sites to Rwandan health institutions. ART services will be scaled-up from 42 to 80 sites, and will emphasize improved integration and decentralization of services, strengthened monitoring and referral systems, supervision and quality assurance, and management of pediatric HIV. The USG will continue to expand prevention and treatment of opportunistic infections and to strengthen integration of TB and counseling and testing services.

The USG will competitively procure services for orphans and vulnerable children (OVC) and other community-based care and prevention programs, prioritizing Rwandan organizations, in particular faith-based institutions. USG and OVC partners will help develop a standard national OVC benefits package and leverage ongoing food aid. An important component of USG activities will be to strengthen and formalize referral, monitoring, and tracking systems between clinical and community care services. Prevention activities will include mass media, information, education and communication and interpersonal communication campaigns. The programs will include behavior change activities focusing on abstinence and faithfulness, and will target youth, high-risk groups such as the military and prisoners.

South Africa (\$151 million). In spite of a high per capita GDP (\$3,443), 40% of South Africans live in poverty. In the first decade of democracy, adult HIV prevalence has risen from less than 3% to an estimated 21.5%. With 5.6 million citizens infected with HIV, South Africa has more infected adults and children than any other country in the world. South Africa's HIV epidemic is generalized and regional antenatal seroprevalence rates range from 13.1% to 37.5% in the nine provinces.

Emergency Plan funds will be used to expand prevention, treatment and care activities building on the successful models and best practices developed in FY 2004 and FY 2005. In HIV prevention, the United States Government (USG) will continue to assist in the South African Government's (SAG) efforts to fully integrate high quality prevention of mother-to-child transmission (PMTCT) services into routine antenatal care and will support the SAG goal of providing universal access to PMTCT services. The USG will also support efforts of the public sector, non-governmental organizations (NGOs) and faith-based organizations (FBOs) to delay the age of first sexual encounter and reduce the number of sexual partners; support evidence-based abstinence and be faithful, including behavior change among youth (AB), communication programs at national and community levels; expand access to HIV prevention services through community-based FBOs and NGOs; and support programs to reduce stigma and discrimination. In the treatment area, the USG will aggressively support the SAG's Comprehensive Plan to expand quality antiretroviral therapy by supporting programs in public, private and NGO health care settings to provide treatment to a total of over 200,000 HIV-positive individuals at over 150 sites. The USG also will continue to strengthen the human resource and health system capacity to provide quality treatment services to HIV-positive individuals, and will train over 10,000 health care providers in antiretroviral (ARV) treatment services. In the care area, the USG agencies will expand the number of communities and HIV-positive individuals receiving care through public and private sector organizations as well as NGOs and FBOs. The number of orphan and vulnerable children (OVC) programs will more than double between FY 2004 and FY 2006, expanding coverage to reach at least 150,000 OVC in the most HIV affected provinces and among disadvantaged populations. The USG will support the SAG strategy to develop a more comprehensive counseling and testing program intended to provide universal access to an adult population through over 3,000 health care facilities as well as non-medical sites. Finally, the USG will provide financial and technical assistance in strengthening strategic information systems: to conduct highly focused evaluations that improve program performance, effectiveness and efficiency; to document best practices in prevention, treatment and care; and, to carefully monitor and evaluate program performance against established targets.

Tanzania (\$105 million). Tanzania faces a generalized HIV/AIDS epidemic, with an 8.8% prevalence rate. Resources from the Emergency Plan will be used to extend the rapid scale up of prevention, care, and treatment activities. After initial set up of a coordinated approach with the Government of Tanzania and other donors, the United States Government (USG) anticipates funding a pyramid of implementing organizations, the development of a network to provide a continuum of care, dramatic growth in service delivery, capacity building, and system strengthening activities. This will include geographic expansion and improved coordination of services to reach the goal of integrated services within the continuum of care for people living with HIV/AIDS.

Emphasis on voluntary counseling and testing (VCT) and prevention of mother-to-child transmission (PMTCT) services will expand prevention efforts and ensure that those needing treatment will be identified and linked with care and support services. USG programs will also promote the integration of PMTCT and VCT with antenatal care services. By the end of 2006, PMTCT services will be established in all regions in the country, starting with regional hospitals, and expanding to all appropriate district health facilities. A full spectrum of prevention messages and programs will be scaled-up through behavior change communication initiatives, with an emphasis on abstinence and faithfulness among youth and targeted prevention programs focused on high-risk groups such as the military, police, truckers, miners, and commercial sex workers.

Care and treatment programs will greatly expand. During FY2006, an Integrated Logistics System will be fully implemented to strengthen antiretroviral inventory planning, control, and distribution. Blood safety and laboratory services will also be dramatically scaled up in coordination with treatment services. Care and support programs will also be expanded using community-based non-governmental organizations (CBOs) and faith-based organizations (FBOs). CBOs and FBOs will assist with the delivery of services including diagnosis and treatment of opportunistic infections and will also help people link with ART treatment sites and other support services. Linkages will also be made with programs offering nutritional care and services for people living with HIV/AIDS and their households. Work with orphans and vulnerable children (OVCs) affected or infected by HIV/AIDS will accelerate, as the U.S. Government and other donors will work with the Tanzanian Department of Social Welfare in implementing the Tanzanian National Framework for Management and Coordination of OVCs. Capacity building will continue to support and strengthen diagnostic laboratories, surveillance and strategic information systems, and human resource planning/training to enable the rapid scale-up underway and ensure long-term sustainability.

Uganda (\$186 million). Uganda is one of the poorest countries in the world and considered to be the historical epicenter of the HIV/AIDS epidemic. Uganda suffers from major problems in its health care system but is one of the few countries in the world to have reduced its HIV incidence rate. Uganda's success lies in its approaches fighting the disease in spite of an impoverished setting with a weak healthcare infrastructure and few resources. Less than half of Ugandans live within five kilometers of a health service unit. Gaps in staffing, facilities, commodities, and coordination continue to hinder service delivery. UNAIDS estimates that there are more than 70,000 new infections every year in Uganda, including nearly 16,000 children. More than 50% of those infected are women, more than 15% are children and 5% of those infected have active tuberculosis. Life expectancy has dropped to 42 years due to HIV/AIDS (UNAIDS). However, in spite of all those challenges, Uganda's HIV prevalence declined dramatically from over 20 percent among women at urban antenatal sites in 1990 to less than 10% today, still leaving an estimated million Ugandans living with HIV/AIDS and over 2 million orphans.

In 2006, Emergency Plan funds will expand the number of individuals receiving antiretroviral therapy (ARTs) by rapidly scaling up existing ART service delivery, building ART capability in HIV/AIDS care and support sites and working with new public and private sector partners to support ART delivery. In counseling and testing, the Emergency Plan will continue to expand traditional voluntary counseling and testing (VCT) services, routine counseling and testing initiatives and innovative grassroots programs such as door-to-door VCT projects.

In FY 2006, the Emergency Plan will increase the number of individuals, including orphans and vulnerable children, receiving palliative care and support through increased service delivery through civil society and faith-based facilities, networks of Persons Living with HIV/AIDS, and traditional healers. Through continued national campaigns and grants to community-based and faith-based organizations, primary and secondary school students and out-of-school youth will be reached with abstinence messages. Their parents/guardians, teachers, and young married couples, especially men, will also be targeted with abstinence and be faithful (AB) messages.

Vietnam (\$28 million). Vietnam has a concentrated epidemic and an estimated 215,000 HIV infected individuals. Ho Chi Minh City (HCMC) has by far the largest number of infected people (2004 estimate of 50,000). Vietnam is a high-burden tuberculosis (TB) country and HIV prevalence among TB patients has been steadily rising.

In 2006, the United States Government (USG) will continue to assist ministries including the Ministry of Health and the Ministry of Defense, in addition to local and international non-governmental organizations (NGOs) and businesses to develop high quality, integrated, comprehensive prevention, care and support, and treatment programs. Additionally, USG will support building sustainable surveillance, health management information, and monitoring/evaluation systems. The program will also support new under-funded ministries to respond to the epidemic.

Prevention programs will focus on targeted peer outreach and complementary voluntary counseling and testing (VCT) focusing on high-risk groups; geographic expansion of quality prevention of mother-to-child transmission models; support to government, NGOs and workplace initiatives to deliver information, education and communications on abstinence and partner reduction through mass media, community outreach and VCT; increased access to HIV prevention services through government care systems, faith-based organizations and community based organizations; and support for programs and policies to reduce stigma and discrimination and increase advocacy for People Living with HIV/AIDS.

Care activities will focus on expanding access to free opportunistic infection and palliative care medication while building on successful comprehensive services at the provincial, district, and commune levels. Support will focus on clinical and community-based health care, home care, counseling, and referral between prevention services and TB, sexually transmitted infection, and HIV care services. Orphan and vulnerable children programs will be developed and expanded based upon results of initial needs assessments.

Treatment will focus on expansion of high quality antiretroviral therapy through government hospitals and district health centers; the development of sustainable, government-centered antiretroviral procurement and distribution systems; quality technical training for health care workers administering treatment; technical assistance for monitoring for adherence, resistance, and adverse effects from therapy. The USG is collaborating with other donors including the Global Fund, World Health Organization/ Department for International Development (DfID) and the *Ensemble pour une Solidarite Therapeutique Hospitaliere en Reseau* (ESTHER) program. Financial and technical assistance will be provided to strengthen strategic information systems to monitor and evaluate the effectiveness of USG-supported programs and to assist in building sustainable national information management.

Zambia (\$132 million). Zambia is facing its most critical health, development and humanitarian crisis to date. An estimated 15.6% of the adult population is infected with HIV (18% of adult women and 13% of adult males); 920,000 Zambian adults and 90,000 children are living with HIV/AIDS in a total population of 10 million people. This means that one in every ten Zambians is HIV infected. In urban areas one out of four adults is infected (23.1% HIV prevalence); a staggering one-third of the population in border towns has HIV/AIDS; and in rural areas the rate is 10.8%. The infection rate among pregnant women is 19.1%.

Emergency Plan funds will help build capacity and systems for long-term sustainability of HIV/AIDS prevention, treatment, and care services, and advance policy initiatives and leadership that support HIV/AIDS prevention, treatment, and care services. FY 2006 activities will also continue expansion and consolidation of treatment to 75 public institutions and 12 mission and private institutions. Activities in 2006 will further development of an antiretroviral (ARV) referral screening process in the health centers and continue expansion of prevention of mother-to-child transmission (PMTCT) to all antenatal care clinics

in the country. Activities supporting PMTCT, voluntary counseling and testing, treatment and care will be further expanded to military facilities.

Prevention activities will be scaled up through the media, community action forums, door-to-door campaigns, and peer educator programs for high-risk groups such as discordant couples, the military, prisoners, police, truckers and sex workers. The strong emphasis on abstinence and faithfulness for children and youth up to the age of 24 will continue to reach youth with supportive prevention initiatives both in and out of school through the churches and other faith based groups. Care and support programs for those living with HIV, as well as orphans and vulnerable children, will also be expanded.

Clinical care for opportunistic infections will begin to extend to the clinic levels with a stronger community/health-network connection. Combined tuberculosis and HIV activities will also be expanded. In addition, several cross-cutting issues will be addressed in 2006 including human capacity development, development of sustainability and new partners, increasing the role of the private sector, addressing stigma and discrimination, gender equity, and opportunities for twinning with other institutions.

Global HIV/AIDS Initiative
(\$ in thousands)

	FY 2004 Actual	FY 2005 Estimate	FY 2006 Request
Africa			
Botswana	8,806	27,543	40,505
Cote d'Ivoire	7,523	20,912	29,906
Ethiopia	15,231	55,560	91,855
Kenya	34,631	107,020	162,348
Mozambique	11,083	45,884	57,757
Namibia	14,147	34,514	49,132
Nigeria	25,415	81,303	127,200
Rwanda	16,382	39,938	74,765
South Africa	31,787	101,859	150,698
Tanzania	25,027	80,326	104,672
Uganda	44,598	104,779	185,843
Zambia	29,210	81,831	131,587
Subtotal - Africa	263,840	781,469	1,206,268
East Asia and the Pacific			
Vietnam	10,000	22,145	28,015
Subtotal - East Asia and the Pacific	10,000	22,145	28,015
Western Hemisphere			
Guyana	5,097	13,153	21,362
Haiti	13,047	39,373	46,995
Subtotal - Western Hemisphere	18,144	52,526	68,357
Global			
Central Programs	129,797	251,231	392,825
International Partnerships	-	27,000	127,000
Other Bilateral Programs	16,500	35,000	50,000
Rapid Expansion Fund	-	117,000	-
Strategic Information/Evaluation	14,850	30,000	35,000
Technical Oversight and Management	34,972	57,549	62,535
Subtotal - Global	196,119	517,780	667,360
Total	488,103	1,373,920	1,970,000

The FY 2006 request includes \$170 million for the 15 focus countries that was previously requested in USAID's Child Survival and Health account.

President's Emergency Plan for AIDS Relief

(\$ in thousands)

	FY 2004 Actual	FY 2005 Estimate	FY 2006 Request
Department of State and USAID	1,606,468	2,190,633	2,564,000
Child Survival & Health Programs Fund	1,065,180	763,641	539,000
Global HIV/AIDS Initiative	488,103	1,373,920	1,970,000
Foreign Military Financing	1,490	1,984	2,000
Other Accounts (including ESF, FSA, AEEB)	51,695	51,088	53,000
Department of Health and Human Services	762,107	577,200	596,000
Department of Labor	9,930	1,984	--
Department of Defense	4,250	7,495	--
Total, President's Emergency Plan for AIDS Relief	2,382,755	2,777,312	3,160,000

Overview

The global HIV/AIDS pandemic is one of the greatest challenges of our time. Worldwide, over 39 million people are now infected. In 2004 alone, three million people died of AIDS and an estimated five million more became infected. Every day, 8,000 people die. The World Health Organization reports that AIDS is now the leading cause of death among adults ages 15-59 around the world. With its severe social, economic, and political consequences, HIV/AIDS presents a security threat and violates a basic principle of development – that each generation do better than the one before.

The United States has responded to the global challenge of HIV/AIDS with the President's Emergency Plan for AIDS Relief (the Emergency Plan). The Emergency Plan was envisioned to target \$10 billion in funding to dramatically ramp up prevention, treatment, and care services in 15 of the most affected countries of the world, representing approximately 50 percent of HIV infections worldwide. The Emergency Plan was also intended to devote \$4 billion to ongoing support in about 85 countries with existing bilateral programs, and pledges \$1 billion over five years to the Global Fund to Fight AIDS, Tuberculosis, and Malaria.

The vision of the Emergency Plan, laid out by the President in the five-year U.S. Global HIV/AIDS Strategy, is to do no less than turn the tide of this global pandemic. To achieve this vision, the Emergency Plan focuses significant new resources on some of the most afflicted countries in Africa, the Caribbean and South East Asia – the fifteen focus countries of the Emergency Plan. There are three specific goals in the focus countries:

- Treat **two** million HIV-infected individuals;
- Prevent **seven** million new HIV infections; and
- Care for **ten** million people infected or affected by HIV/AIDS, including orphans and vulnerable children.

In addition, to amplify the global response, The Emergency Plan will:

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

The Emergency Plan is remaking government by implementing a new leadership model for coordinating those existing capabilities – a model that brings together, under the direction of the U.S. Global AIDS Coordinator, all of the programs and personnel of all agencies and departments of the United States Government engaged in this effort. This leadership model has been translated to the field, where the U.S. Chief of Mission in each country is leading a coordinated interagency process on the ground. The Office of the Global AIDS Coordinator's program development and implementation model supports field-driven planning in the focus countries with guidance and technical assistance from interagency core teams led by the Coordinator's Office. Primary implementers of the Emergency Plan include the U.S. Agency for International Development (USAID), the Department of Health and Human Services (HHS), the Departments of State (DoS), Defense (DoD) and Labor (DoL), and the Peace Corps. Coordination with the Departments of Agriculture and Commerce offer further opportunities to broaden service delivery and reach special populations.

Funding is being ramped up over five years as recipient countries build the necessary human capacity and infrastructure needed for long-term success and accountability.

FY 2006

In FY 2006, the third year of the five-year plan, the Administration requests \$3.2 billion to combat HIV/AIDS, TB and malaria under two separate appropriations, Foreign Operations and the Department of Health and Human Services. The chart below and the following narrative break down the \$3.2 billion request by program use.

PROGRAM AREA	FY 2006 REQUEST (\$ in millions)
Fifteen Focus Countries	1,852
Other Bilateral Programs	466
International Partners	361
HIV/AIDS Research	350
TB and Malaria	131
Total Emergency Plan	3,160

Fifteen Focus Countries

For FY 2006, the Administration is requesting a total \$1.852 billion (\$1.793 billion GHAI and \$59 million HHS) for the focus countries (Botswana, Cote d'Ivoire, Ethiopia, Guyana, Haiti, Kenya, Mozambique, Namibia, Nigeria, Rwanda, South Africa, Tanzania, Uganda, Vietnam and Zambia). These funds will finance individual focus country budgets, as well as, central programs that carry out activities in the focus countries, strategic information and evaluation activities, and central technical oversight and management.

FY 2006 is a crucial year for the Emergency Plan, as previous work building human capacity and infrastructure begins to pay off and the program is able to rapidly increase the number of people receiving prevention, treatment, and care services in the focus countries.

The Emergency Plan is designed to meet the congressionally mandated targets for an “effective distribution of HIV/AIDS funds” among prevention, care, and treatment activities for the FY 2006 budget within the focus countries. These funding targets are:

- **55%** on treatment services for people living with HIV/AIDS;
- **25%** on care of those infected with or affected by HIV/AIDS (**10%** on orphans and other vulnerable children and **15%** on palliative care);
- **20%** on prevention activities, **33%** of which is to focus on activities that promote abstinence-until-marriage.

Treatment activities in FY 2006

Providing treatment is a primary focus of the Emergency Plan. The Emergency Plan will implement strategies to provide long-term, widespread, high-quality, safe and essential HIV/AIDS treatment services to people living with HIV/AIDS. The Emergency Plan’s 2006 strategy to provide treatment to at least 860,000 HIV-infected people in the focus countries consists of the following:

- Rapidly scaling up treatment availability through the network model by building on and expanding established clinical programs, training and mobilizing existing health care personnel, and strengthening supply chain management systems.
- Building capacity for long-term sustainability of quality HIV/AIDS treatment programs by strengthening national human resource capacity for HIV/AIDS services (health care worker recruitment and retention, curriculum development, training and technical assistance), developing and implementing effective treatment protocols, and strengthening HIV/AIDS related health infrastructure, including facilities, data and financial management systems, and research capacity.
- Advancing policy initiatives that support treatment, including product registration, drug procurement and financing, import and taxation regulations, and human resource policies.

Care activities in FY 2006

The Emergency Plan’s 2006 strategy to provide care for nearly 4.3 million people infected and affected by HIV/AIDS in the focus countries consists of the following:

- Rapidly scaling-up existing palliative and orphan and vulnerable children care services, including basic health care such as diagnosis and treatment of tuberculosis and other opportunistic infections, symptom management and end-of life-care, along with social and emotional support services.
- Building capacity for long-term sustainability of palliative and orphan and vulnerable children care and support services, through training and support to community-based responses for orphan care, including strengthening the organizational capacity of community and faith-based organizations to address the needs.
- Advancing policy initiatives that support and improve basic health care and support services for people infected with and affected by HIV/AIDS, including orphans and other vulnerable children.

- Expanding high quality HIV/AIDS counseling and testing.

Prevention activities in FY 2006

By the end of FY 2006, an estimated 143.4 million people will have received prevention education services, one component of averting infections, and focus country prevalence rates will be stabilized or reduced. The Emergency Plan's strategy to accomplish these objectives consists of scaling up existing prevention services, including the following:

- The promotion of the abstinence, behavior change, and correct and consistent condom use (ABC) approach, community outreach, prevention of mother-to-child transmission (PMTCT), and improved safe blood and medical practices, including safe medical injections.
- Building capacity for effective long-term prevention programs, including innovative strategies for HIV/AIDS testing, supporting interventions for those at high risk of infection, reaching mobile populations, improving diagnosis and treatment of sexually transmitted infections (STIs) for HIV infected persons, and strengthening the institutional capacity of implementing organizations.
- Advancing policy initiatives that support prevention of HIV infection, including protection against stigma and discrimination, use of routine and confidential testing, access to health information and care, gender equity, and the development and enforcement of laws to protect against sexual exploitation.

The Global AIDS Coordinator will continue to take maximum advantage of synergies and leverage provided by international cooperation in the fight against HIV/AIDS in achieving U.S. goals in the focus countries, particularly with projects funded by the Global Fund to Fight AIDS, Tuberculosis, and Malaria. The Global AIDS Coordinator will also continue to facilitate the involvement of faith-based organizations and other organization types.

Finally, in addition to the treatment, care, and prevention goals for FY 2006, the Global AIDS Coordinator will work to increase political and public support for the worldwide fight against HIV/AIDS and for the Emergency Plan for AIDS Relief.

Other Bilateral Programs

Beyond the focus countries, a priority initiative for FY 2006 is to strengthen other USG bilateral HIV/AIDS programs by working across these programs to improve HIV/AIDS leadership, coordination, collaboration, and adherence to best practices worldwide. The President's Emergency Plan offers a fresh opportunity to develop and implement consistent HIV/AIDS policies and programs across our bilateral prevention, care, and treatment initiatives and to harmonize and standardize reporting.

In the previous two years of the Emergency Plan, the Office of the Global AIDS Coordinator conducted interagency reviews to identify countries of special concern outside of the focus countries, to receive additional funding and strengthened programming. These countries have included the "next wave" countries of India, Russia, and China, as well as countries such as Swaziland, Lesotho, and Ukraine, which continue to struggle with HIV/AIDS. In FY 2006, similar processes will guide the distribution of \$50 million additional GHAI funding for bilateral programs outside of the focus countries.

USAID will continue to work in 85 countries in addition to the focus countries. Eight of these countries have HHS programs as well and will be targeted for intensive collaboration among U.S.G. agencies and a

more integrated approach to prevention, care, and treatment. The other countries will continue their strong emphasis on prevention while adding important care and treatment activities, as appropriate to the situation.

HHS will continue to work and increase its program activities in ten countries in addition to the focus countries and four regional offices. Activities will focus primarily on providing technical assistance for surveillance, laboratory, and voluntary counseling and testing (VCT) activities; providing training and capacity building; enhancing laboratory capacity to support HIV care and treatment; expanding HIV counseling and testing; improving the safety of the blood supply in countries; and, expanding all elements of basic Prevention of Mother-to-Child Transmission (PMTCT) services. The USG plans to continue working with several key partners, including Ministries of Health, local non-governmental organizations, and US-based universities and other technical assistance providers to develop sustainable programs.

The budget request for Other Bilateral Programs in FY 2006 is \$466 million, including \$50 million GHAI funds. The remaining funds are requested within the HHS and USAID budgets

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

The contributions of multilateral institutions and international organizations combating HIV/AIDS provide a vital opportunity for a comprehensive response. The diverse drivers and consequences of HIV/AIDS, and its many complicated interactions with a variety of other social, political, and economic circumstances, demand an equal number of diverse actors with varied expertise. The U.S. Government will strengthen its relationships with multilateral institutions and international organizations such as the World Health Organization (WHO), UNAIDS, UNICEF, and the World Bank to amplify global action against HIV/AIDS by encouraging coordination, based on comparative strengths, to fill gaps in current activities and ensure efficient and effective use of funds.

As part of this initiative, the Administration requests a total of \$300 million in FY 2006 to maintain U.S. leadership in the Global Fund to Fight AIDS, Tuberculosis and Malaria (the "Global Fund"). The USG support for the Global Fund is a multilateral complement to bilateral efforts. Of the total request, \$100 million is from the GHAI account, \$100 million is within USAID's Child Survival and Health account, and the remaining \$100 million is within HHS's National Institutes of Allergy and Infectious Diseases (NIAID) account.

The Global Fund aims to pursue a balanced approach covering prevention, treatment, care and support in addressing HIV/AIDS, TB and Malaria. According to the Global Fund, resources are disbursed on the basis of proposals evaluated through independent review processes based on the most appropriate scientific and technical standards, taking into account local realities and priorities. The Geneva-based organization is a financial instrument, not an implementing agency thus its funding is provided without technical assistance attached unless requested by grantees and specifically written into the original grant agreements.

U.S. priorities for the Global Fund include ensuring that grants are improving the health of the people receiving services, building strong monitoring and evaluation procedures for projects, and increasing the involvement of the private sector at all levels. Ensuring on-the-ground coordination of USG-funded activities and integration with Global Fund-supported programs (as well as those supported by other governments and organizations) is essential to ensure that activities are non-duplicative and additive. USG staff, contractors, and grantees in country will work closely with host country governments to ensure overarching coordination of varied activities and funding sources. USG staff often participates on the Country Coordinating Mechanisms (CCMs), which develop grant proposals in-country, and provide valuable technical assistance within the CCMs, including in some cases writing the grant proposals.

HIV/AIDS Research, Tuberculosis (TB) and Malaria

The budget request maintains research to combat HIV/AIDS and continues the fight against tuberculosis and malaria. The request includes \$350 million for HHS/National Institutes of Health (NIH) in research funding, \$120 million for USAID bilateral TB and malaria programs, and \$11 million for the efforts of HHS/Centers for Disease Control and Prevention specifically to combat TB and malaria.

International HIV/AIDS Research

NIH- sponsored international research includes efforts to develop: HIV vaccine candidates and chemical and physical barrier methods, such as microbicides, to prevent sexual transmission; behavioral strategies targeted to the individual, family, and community to alter risk behaviors associated with sexual activity and drug and alcohol use; drug and non-drug strategies to prevent mother-to-child transmission; therapeutics for HIV-related co-infections and other conditions; and approaches to using antiretroviral therapy in resource-poor settings. Development of research infrastructure is essential to these research programs. Specific international infrastructure needs include: (1) developing research sites through establishment of stable, targeted cohorts, development of recruitment strategies, and enhancement of laboratory, clinical, and data management capabilities; (2) increasing the number of scientists, clinicians, and health care workers trained in basic, clinical, and behavioral research, data management, and ethical considerations; (3) developing research collaborations; and (4) transferring appropriate clinical and laboratory technologies.

Tuberculosis Activities

The World Health Organization estimates that worldwide, one-third of all people living with HIV/AIDS are infected with TB and up to half of all deaths among AIDS patients are directly due to TB. Persons who are dually infected with HIV and TB are up to 50 times more likely to develop TB in any given year than those who are HIV negative.

The USG is a leader in combating international TB. USG tuberculosis control efforts focus on supporting the implementation of the Global Plan to Stop Tuberculosis, and are carried out in concert with the STOP TB Partnership. Both HHS/CDC and USAID play critical roles in the partnership.

USAID TB activities are active in 43 countries and aim to increase tuberculosis case detection and treatment success by providing support to expand and strengthen the WHO recommended Directly Observed Treatment Short-course (DOTS) strategy. Specific assistance includes training, laboratory strengthening and quality control, monitoring and supervision, technical assistance to improve TB drug management, grants for anti-TB drugs through the Global TB Drug Facility, and initiatives to involve all providers, including the private sector and NGOs in the provision of DOTS. USAID also supports research in areas such as new drugs and diagnostics, improved TB treatment regimens, and approaches to improve care of persons co-infected with TB and HIV/AIDS. USAID implements these programs in close collaboration with the STOP TB partnership, host country national TB programs, local and international NGOs such as the International Union Against TB and Lung Disease, the WHO, and CDC.

CDC works closely with other federal partners, the World Health Organization, the International Union Against TB and Lung Diseases, the Royal Dutch Tuberculosis Foundation (KNCV), and the TB control programs of numerous countries to control the global spread of disease. CDC efforts are primarily focused on improving the quality of TB control programs in countries with a high burden of TB, those with a high burden of TB resulting from generalized HIV epidemics, and those that contribute most to the U.S. epidemic.

Malaria Activities

As many as 900 million cases of malaria occur every year, which both directly and indirectly cause up to two million deaths. Ninety percent of these deaths occur in Africa, and most of the victims are young children. The USG supports prevention and control of malaria throughout the world in partnership with medical and public health professionals; national and international organizations, and foreign governments.

USAID has been a partner in the global Roll Back Malaria (RBM) initiative since its inception in late 1998. Working particularly in Africa, but also to a lesser degree in Asia, USAID assists about 30 national malaria programs and three regional initiatives, building malaria control networks and developing new technologies and approaches. USAID's programs focus on preventing malaria infection and illness, through increasing access to insecticide treated netting and, where appropriate, assisting countries to implement indoor residual spraying operations. USAID also promotes effective treatment of malaria illness, including a response to drug resistance, with a particular focus on increasing availability and roll out of Artemisinin combination therapy (ACT) drugs. Other areas of focus are: protecting pregnant women from malaria, developing new tools and approaches for malaria prevention and control, such as new drug development and a malaria vaccine, and addressing the needs of populations in complex humanitarian emergencies.

HHS/CDC conducts multidisciplinary research in the United States and internationally -- both in the laboratory and in the field -- to develop new tools and improve existing interventions against malaria worldwide. HHS/CDC also translates research findings into appropriate policies and effective practices, provides consultation, technical assistance, and training as requested by outside agencies and malaria-endemic governments.

Conflict Response Fund

(\$ in thousands)

Account	FY 2004 Actual	FY 2005 Estimate	FY 2006 Request
CRF	-	-	100,000

The United States has a vital stake in stabilizing failed and failing states. When we help foreign societies make the transition out of conflict and civil strife onto the path of democratic governance and market-led growth, we deny a breeding ground to terrorists, traffickers, warlords and other threats to our interests.

The new Office of the Coordinator for Reconstruction and Stabilization (S/CRS) will lead, coordinate, and institutionalize U.S. Government civilian capacity to prevent or prepare for post-conflict situations, and to help stabilize and reconstruct societies in transition from conflict or civil strife so they can reach a sustainable path toward peace, democracy and a market economy. S/CRS will offer a robust interagency resource for planning and launching new operations, managing banks of personnel, funds, and information that can be tapped quickly and targeted precisely, and for distilling and applying lessons learned in a systematic way. Organizing civilian operations in a more focused, rapid and effective manner will save lives, be more efficient, and position the United States to lead the international community.

None of these benefits can be realized, however, absent a reliable and rapid source of financing. The Secretary of State needs the ability to get U.S. assistance and personnel on the ground quickly, when they can affect the dynamic of stability operations and best leverage international contributions. Predictable, pre-positioned funds will enable the Secretary of State to exercise necessary leadership while improving our ability to mitigate or avert conflict abroad.

The Conflict Response Fund would support two types of activities. First, when the Secretary directs that S/CRS mount a crisis response, we will allocate monies to address urgent stability and reconstruction needs including the mobilization of an immediate civilian presence in the field. These allocations will provide immediate and high impact assistance to the country or region and specialized technical and logistical expertise that up to now have not been routinely available within the U.S. Government for crises response. Second, a portion would be used for appropriate agencies to establish quick-response arrangements with firms, non-governmental organizations (NGOs), academic institutions, and other USG entities. These would be competed and pre-positioned for quick activation, akin to building the pipeline for delivery of programs. Many existing contractual arrangements were not established with this requirement in mind, and therefore necessary funding vehicles either do not exist or are restricted or otherwise unavailable. Examples of pre-positioned arrangements could include engineering and reconstruction expertise, rule of law and transitional justice, technical economic assistance, organization of elections, development of local public administration systems, as well as necessary mission launch support services such as communications for remote field operations.

Since experience has shown that the response in the first few months of a crisis often determines whether an intervention ultimately succeeds or fails, the Conflict Response Fund will pay for those critical, urgent, initial costs to address basic needs in a variety of sectors, realizing that additional resources from other sources may be needed to fund follow-on assistance activities over a longer timeframe. The Fund could also provide a vehicle through which funds could be transferred from other foreign assistance accounts in order to bring additional resources to bear on a particular post-conflict emergency.

These funds will not be used to provide assistance in response to natural disasters because existing contingency funding is available for that purpose.

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DEPARTMENT OF THE TREASURY

Treasury Technical Assistance
Debt Restructuring

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Treasury Technical Assistance

(\$ in thousands)

Account	FY 2004 Actual	FY 2005 Estimate	FY 2006 Request
TTA	18,888	18,848	20,000

The FY 2006 request for Treasury International Affairs Technical Assistance is \$20.0 million. The program provides financial advisors to countries seeking assistance in implementing significant economic reforms, especially during critical periods of transition to market-based economies. The program supports economic policy and financial management reforms, focusing on the functional areas of budget, taxation, government debt, financial institutions, and financial crimes law enforcement.

In FY 2006, it is estimated that \$8.5 million of the request will be used by Treasury Technical Assistance to fund resident and short-term advisor projects to countries combating terrorist finance activity. A large portion of the request will be used for assistance programs in sub-Saharan Africa, supporting economic and financial reforms in countries receiving HIPC debt relief, and other areas of emphasis.

Debt Restructuring

(\$ in thousands)

Account	FY 2004 Actual	FY 2005 Estimate	FY 2006 Request
DR	94,440	99,200	99,750

The FY 2006 request is \$99.75 million for bilateral Heavily Indebted Poor Countries (HIPC) and poorest country debt reduction, contribution to the HIPC Trust Fund, and Tropical Forest Conservation Act debt reduction programs.

For the poorest countries, debt reduction provides an incentive to implement macro-economic and structural reforms necessary for economic growth and also frees up resources for poverty reduction efforts. The request would provide funding for the cost of bilateral HIPC and poorest country debt reduction and for additional contributions to the HIPC Trust Fund, which is administered by the World Bank and helps regional development banks and other multilateral institutions to meet their costs of debt relief.

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

MILITARY ASSISTANCE

International Military Education and Training
Foreign Military Financing
Peacekeeping Operations

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International Military Education and Training

(\$ in thousands)

Account	FY 2004 Actual	FY 2005 Estimate	FY 2006 Request
IMET	91,159	89,012	86,744

The International Military Education and Training (IMET) program is an instrument of U.S. national security and foreign policy and a key component of U.S. security assistance that provides training and education on a grant basis to students from allied and friendly nations. In addition to improving defense capabilities, IMET facilitates the development of important professional and personal relationships, which have proven to provide U.S. access and influence in a critical sector of society that often plays a pivotal role in supporting, or transitioning to, democratic governments. IMET's traditional purpose of promoting more professional militaries around the world through training has taken on greater importance as an effective means to strengthen military alliances and the international coalition against terrorism.

The objectives of the IMET program are to:

- Further the goal of regional stability through effective, mutually beneficial military-to-military relations that culminate in increased understanding and defense cooperation between the U.S. and foreign countries.
- Impart skills and knowledge that help participating countries develop new capabilities and better utilize their existing resources.
- Provide training and education that augments the capabilities of participant nations' military forces to support combined operations and interoperability with U.S., NATO and regional coalition forces.
- Expose foreign military and civilian personnel to the important roles democratic values and internationally recognized human rights can play in governance and military operations.

Training and education provided under the IMET program is professional and non-political, exposing foreign students to U.S. professional military organizations and procedures and the manner in which military organizations function under civilian control. IMET's mandatory English language proficiency requirement establishes an essential baseline of communication skills necessary for students to attend courses. The IMET program exposes students to military justice systems and procedures and promotes the development of strong civil-military relations by showing key military and civilian leaders how to overcome barriers that can exist between armed forces, civilian officials and legislators. In addition, IMET has a positive effect on participants and recipient countries beyond actual training. Exposure to American values, quality instruction and the professionalism of the U.S. military play an important role in the IMET program. Finally, military cooperation is strengthened as foreign militaries improve their knowledge of U.S. military doctrine, strategic planning processes and operational procedures. This cooperation leads to opportunities for military-to-military interaction, information sharing, joint planning and combined force exercises that facilitate interoperability with U.S., NATO and regional coalitions forces.

The IMET program supports regional stability and promotes democracy in the following ways:

- In Africa, enhancing military relationships and educating future leaders are vital elements of our overall strategy to help build and sustain African institutions on the path to development and reform. IMET programs in the region promote democratization and increase African will to provide support in the war on terrorism, engage in peacekeeping operations and perform civic action. IMET funds will prepare

individuals to staff ECOWAS and AU headquarters to manage peacekeeping and humanitarian operations.

- IMET in the Asia-Pacific region contributes to overall regional stability, strengthens military-to-military ties and exposes civilian and military participants to our doctrine, military capabilities and democratic way of life. IMET objectives for the region are to encourage effective, positive defense relationships, support the development of more professional militaries, contribute to improved civil-military relations, enhance regional stability and promote human rights. Malaysia, Mongolia, the Philippines and Thailand, the four largest IMET recipients in the region, are all key partners in the war on terrorism.
- In Europe and Eurasia, IMET is a key tool for promoting U.S. strategic interests in the region, emphasizing activities such as English language training, military professionalism, force interoperability and preparation of peacekeeping units for integration with U.S., NATO and European and Eurasian armed forces. The benefits of IMET training with countries working closely in the war on terrorism already have been evident, reflected in smooth collaboration with a growing number of countries. IMET training, particularly in areas that emphasize rule of law and civil-military relations, is particularly important for countries with which we seek to expand our cooperation, such as Kazakhstan, Uzbekistan, the Kyrgyz Republic, Tajikistan and Turkmenistan, where advancing reform in the area of human rights is a key U.S. objective.
- In the Near East region, increased levels of funding reflect the requirements of individual countries and their capacity to absorb additional training as part of their efforts to help support our global counter-terrorism efforts. Military-to-military contacts afforded by the IMET program are particularly important in this region, paying dividends far into the future as students rise up the military and political ranks of their respective countries. Strong IMET programs in Jordan, Egypt, Morocco, Oman, Tunisia and Yemen have demonstrated the importance of IMET in fostering one-to-one relationships with the United States, enabling countries to obtain technical training necessary to maintain U.S.-origin equipment, and increasing awareness of international norms of human rights and civilian control of the military. An IMET program for Iraq will be established, and funds will be used to improve English language capabilities.
- For South Asia, the IMET program enables officers to attend specialized training in U.S. military schools, increases understanding of civil-military relations and respect for human rights and improves interoperability with U.S. units. Increased funding in this region reflects the importance of the IMET program as part of the long-term Afghan National Army (ANA) training program, will enable continued support from and increased interoperability with Pakistan's military, and is a component of our broader military engagement strategy with India.
- In the Western Hemisphere region, the largest programs belong to Argentina, Colombia, the Dominican Republic, El Salvador, Honduras and Mexico. The primary audience in these and other programs in the region remains the junior and mid-grade ranks, whose development can be positively influenced by exposure to the United States. IMET particularly enhances regional security by consolidating gains Latin American militaries have made in subordinating themselves to civilian control. Additionally, the IMET program will reach out to the civilian side of the region's defense establishment, to continue with ongoing efforts to provide educational opportunities to civilian leaders, thereby enhancing civil-military relations.

International Military Education and Training
(\$ in thousands)

	FY 2004 Actual	FY 2005 Estimate	FY 2006 Request
Africa			
Angola	300	300	400
Benin	-	250	50
Botswana	922	700	700
Burkina Faso	115	100	110
Burundi	-	50	50
Cameroon	361	225	250
Cape Verde	200	120	120
Central African Republic	-	50	50
Chad	574	245	250
Comoros	121	80	100
Cote d'Ivoire	-	-	50
Democratic Republic of Congo	332	157	150
Djibouti	406	325	325
Equatorial Guinea	-	-	50
Eritrea	42	450	450
Ethiopia	542	600	600
Gabon	283	210	200
Gambia	183	75	100
Ghana	921	595	575
Guinea	482	350	350
Guinea-Bissau	-	100	100
Kenya	638	650	650
Lesotho	-	50	50
Madagascar	333	200	200
Malawi	415	360	350
Mali	-	175	50
Mauritania	234	130	130
Mauritius	144	125	125
Mozambique	243	215	215
Namibia	-	100	100
Niger	-	100	50
Nigeria	-	800	800
Republic of the Congo	27	110	100
Rwanda	298	225	225
Sao Tome and Principe	188	200	200
Senegal	1,188	1,100	1,100
Seychelles	98	100	100
Sierra Leone	416	300	325
South Africa	-	50	50
Sudan	-	-	50

International Military Education and Training
(\$ in thousands)

	FY 2004 Actual	FY 2005 Estimate	FY 2006 Request
Swaziland	131	100	100
Tanzania	-	-	50
Togo	204	120	120
Uganda	371	240	240
Zambia	461	225	225
African Union	-	50	200
ECOWAS	-	100	200
Subtotal - Africa	11,173	10,807	11,035
East Asia and the Pacific			
Cambodia	-	-	50
East Timor	159	300	300
Fiji	229	250	250
Indonesia	599	600	800
Laos	-	50	50
Malaysia	939	1,100	900
Mongolia	872	850	875
Papua New Guinea	292	300	300
Philippines	2,700	3,000	2,900
Samoa	-	50	50
Solomon Islands	45	150	150
Thailand	2,572	2,500	2,400
Tonga	136	135	135
Vanuatu	100	110	100
Vietnam	-	50	50
Subtotal - East Asia and the Pacific	8,643	9,445	9,310
Europe and Eurasia			
Albania	1,198	900	900
Armenia	869	750	750
Azerbaijan	1,084	750	750
Bosnia and Herzegovina	991	900	900
Bulgaria	1,463	1,395	1,400
Croatia	-	50	50
Czech Republic	2,276	1,900	1,900
Estonia	1,408	1,200	1,200
Georgia	1,228	1,200	1,200
Greece	568	1,000	600
Hungary	2,044	1,900	1,575
Kazakhstan	1,233	1,000	1,000
Kyrgyz Republic	1,047	1,100	1,100

International Military Education and Training
(\$ in thousands)

	FY 2004 Actual	FY 2005 Estimate	FY 2006 Request
Latvia	1,337	1,200	1,200
Lithuania	1,343	1,200	1,200
Macedonia	858	650	650
Malta	-	-	50
Moldova	1,225	900	900
Poland	2,283	2,000	2,000
Portugal	752	850	600
Romania	1,529	1,500	1,500
Russia	778	800	750
Serbia and Montenegro	-	50	50
Slovakia	1,075	950	950
Slovenia	950	950	900
Tajikistan	351	350	350
Turkey	5,000	4,000	3,000
Turkmenistan	340	450	300
Ukraine	1,834	1,700	1,700
Uzbekistan	484	800	600
Subtotal - Europe and Eurasia	35,548	32,395	30,025
Near East			
Algeria	722	850	750
Bahrain	568	650	650
Egypt	1,369	1,200	1,200
Iraq	-	-	700
Jordan	3,225	3,000	3,000
Lebanon	700	700	700
Morocco	1,997	1,875	1,875
Oman	825	1,100	1,100
Saudi Arabia	24	25	25
Tunisia	1,899	1,875	1,875
Yemen	886	1,100	1,100
Subtotal - Near East	12,215	12,375	12,975
South Asia			
Afghanistan	674	800	800
Bangladesh	862	900	900
India	1,366	1,400	1,200
Maldives	181	175	175
Nepal	546	650	650
Pakistan	1,384	2,000	2,044
Sri Lanka	553	500	450

International Military Education and Training
(\$ in thousands)

	FY 2004 Actual	FY 2005 Estimate	FY 2006 Request
Subtotal - South Asia	5,566	6,425	6,219
Western Hemisphere			
Argentina	1,087	825	1,100
Bahamas	165	240	240
Belize	277	200	200
Bolivia	589	800	800
Brazil	-	-	50
Chile	600	600	600
Colombia	1,676	1,700	1,700
Costa Rica	-	-	50
Dominican Republic	973	1,100	1,100
Ecuador	-	300	50
El Salvador	1,480	1,600	1,600
Guatemala	504	350	400
Guyana	359	300	300
Haiti	235	150	215
Honduras	1,309	1,100	1,100
Jamaica	700	700	700
Mexico	1,275	1,250	1,100
Nicaragua	779	600	600
Panama	558	600	600
Paraguay	-	250	50
Peru	-	300	50
Suriname	151	150	150
Trinidad and Tobago	-	-	50
Uruguay	-	150	50
Venezuela	-	-	50
Eastern Caribbean	719	800	775
Subtotal - Western Hemisphere	13,436	14,065	13,680
Global			
E-IMET Schools	3,360	3,000	3,000
General Costs	500	500	500
No-Year/Carry Forward	718	-	-
Subtotal - Global	4,578	3,500	3,500
Total	91,159	89,012	86,744

Summary of Students Trained Under IMET

	FY 2004 Actual	FY 2005 Estimate	FY 2006 Request
Africa			
Angola	16	16	21
Benin	-	10	2
Botswana	55	42	42
Burkina Faso	1	2	2
Burundi	-	2	2
Cameroon	10	6	7
Cape Verde	7	4	6
Central African Republic	-	4	2
Chad	25	10	11
Comoros	2	1	2
Cote d'Ivoire	-	-	2
Democratic Republic of Congo	5	1	4
Djibouti	8	7	7
Equatorial Guinea	-	-	2
Eritrea	2	21	21
Ethiopia	36	40	40
Gabon	40	30	28
Gambia	8	3	4
Ghana	43	27	27
Guinea	196	142	142
Guinea-Bissau	-	4	4
Kenya	96	98	98
Lesotho	-	2	2
Madagascar	65	39	39
Malawi	21	18	18
Mali	-	7	2
Mauritania	50	28	28
Mauritius	72	63	63
Mozambique	24	21	21
Namibia	-	4	4
Niger	-	4	2
Nigeria	-	32	32
Republic of the Congo	33	4	4
Rwanda	57	43	43
Sao Tome and Principe	46	49	49
Senegal	48	44	44
Seychelles	23	23	23
Sierra Leone	269	194	210
South Africa	-	2	2
Sudan	-	-	2

Summary of Students Trained Under IMET

	FY 2004 Actual	FY 2005 Estimate	FY 2006 Request
Swaziland	7	5	5
Tanzania	-	-	2
Togo	50	29	29
Uganda	51	31	33
Zambia	317	156	156
Subtotal - Africa	1,683	1,268	1,289
East Asia and the Pacific			
Cambodia	-	-	2
East Timor	3	6	6
Fiji	16	17	17
Indonesia	32	32	43
Laos	-	4	2
Malaysia	63	74	60
Mongolia	201	196	202
Papua New Guinea	83	85	85
Philippines	176	197	191
Samoa	-	2	2
Solomon Islands	3	10	10
Thailand	43	42	40
Tonga	8	8	8
Vanuatu	39	43	39
Vietnam	-	2	2
Subtotal - East Asia and the Pacific	667	718	709
Europe and Eurasia			
Albania	45	34	34
Armenia	30	26	26
Azerbaijan	24	17	17
Bosnia and Herzegovina	271	246	246
Bulgaria	150	143	144
Croatia	-	2	2
Czech Republic	229	191	191
Estonia	143	122	122
Georgia	138	159	159
Greece	86	91	91
Hungary	251	234	194
Kazakhstan	46	37	37
Kyrgyz Republic	30	32	32
Latvia	64	57	57
Lithuania	174	156	156

Summary of Students Trained Under IMET

	FY 2004 Actual	FY 2005 Estimate	FY 2006 Request
Macedonia	61	47	47
Malta	-	-	2
Moldova	86	64	64
Poland	61	56	56
Portugal	117	141	99
Romania	349	344	344
Russia	14	16	15
Serbia and Montenegro	-	10	2
Slovakia	33	29	29
Slovenia	56	56	53
Tajikistan	124	125	125
Turkey	267	214	160
Turkmenistan	5	8	5
Ukraine	291	273	273
Uzbekistan	4	10	5
Subtotal - Europe and Eurasia	3,149	2,940	2,787
Near East			
Algeria	80	95	83
Bahrain	90	103	103
Egypt	50	44	44
Iraq	-	-	28
Jordan	210	196	196
Lebanon	120	120	120
Morocco	75	71	71
Oman	25	33	33
Saudi Arabia	3	3	3
Tunisia	85	85	85
Yemen	157	196	196
Subtotal - Near East	895	946	962
South Asia			
Afghanistan	136	163	163
Bangladesh	38	40	40
India	101	104	90
Maldives	11	11	11
Nepal	42	50	50
Pakistan	76	112	115
Sri Lanka	13	12	11
Subtotal - South Asia	417	492	480

Summary of Students Trained Under IMET

	FY 2004 Actual	FY 2005 Estimate	FY 2006 Request
Western Hemisphere			
Argentina	493	500	500
Bahamas	34	49	49
Belize	35	13	25
Bolivia	1,807	76	76
Brazil	-	-	2
Chile	244	244	244
Colombia	654	673	673
Costa Rica	-	-	2
Dominican Republic	53	60	60
Eastern Caribbean	64	61	85
Ecuador	-	12	2
El Salvador	389	421	421
Guatemala	174	104	139
Guyana	24	20	20
Haiti	58	37	53
Honduras	319	268	268
Jamaica	77	77	77
Mexico	460	451	397
Nicaragua	91	70	70
Panama	34	37	37
Paraguay	-	10	2
Peru	-	12	2
Suriname	11	11	11
Trinidad and Tobago	-	-	2
Uruguay	-	6	2
Venezuela	-	-	2
Subtotal - Western Hemisphere	5,021	3,212	3,221
Total	11,832	9,576	9,448

Foreign Military Financing

(\$ in thousands)

Account	FY 2004 Actual	FY 2005 Estimate	FY 2006 Request
FMF	4,257,810	4,745,232	4,588,600
FMF-ERF	77,000	-	-
FMF-SUP	287,000	-	-

Foreign Military Financing (FMF) is a critical foreign policy tool for promoting 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. In that regard, FMF is vital to supporting U.S. coalition partners in the war on terrorism. FMF provides grants for the acquisition of U.S. defense equipment, services, and training, which 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. These grants enable key allies and friends to improve their defense capabilities and foster closer military relationships between the U.S. and recipient nations. Increased military capabilities build and strengthen multilateral coalitions with the U.S. and enable friends and allies to be increasingly interoperable with regional, U.S., and NATO forces. By increasing demand for U.S. systems, FMF also contributes to a strong U.S. defense industrial base, an important element of U.S. national defense strategy that reduces cost for Department of Defense acquisitions and secures more jobs for American workers.

The objectives of U.S. Foreign Military Financing are to:

- Assist the militaries of friendly countries and allies to procure U.S. defense articles and services that strengthen legitimate self-defense capabilities and security needs.
- Promote bilateral, regional and multilateral coalition efforts, notably in the global war on terrorism.
- Improve the military capabilities of key friendly countries to contribute to international crisis response operations, including peacekeeping and humanitarian crises.
- Enhance rationalization, standardization, and interoperability of military forces of friendly countries and allies.
- Maintain support for democratically-elected governments that share values similar to the United States for democracy, human rights, and regional stability.
- Support the U.S. industrial base by promoting the export of U.S. defense-related goods and services.

Uses of FY 2006 FMF grant funding:

- The majority of funds – approximately 78% – provides continued assistance for the Near East. These funds help to promote regional stability and ensure the influence of moderate governments friendly to U.S. interests. With FMF, we seek to boost the legitimate defense needs of countries such as Israel, Egypt and Jordan, which, through their efforts, have demonstrated their desire to seek a comprehensive Middle East peace. In FY 2006, FMF for other friends and allies in the region, such as Bahrain, Morocco, Oman, Tunisia and Yemen, will help to strengthen and modernize their self-defense capabilities, safeguard their borders and territorial waters, meet their legitimate indigenous security

needs, increase their interoperability with U.S. forces and support coalition efforts in the war on terrorism.

- Support continues for ongoing efforts in Europe and Eurasia to incorporate the most recent NATO members into the Alliance as well as to assist prospective NATO members preparing for accession and support other coalition partners in the International Security Assistance Force and Operation Iraqi Freedom. The request will help support defense reform, which is a crucial building block for countries in which the organizational relationship between the military commands and the civilian administration will be restructured. Funds will also support Partnership for Peace (PfP) countries in Central Europe, the Caucasus and Central Asia to pursue defense reform and the continued implementation of membership, partnership and individual Country Action Plan goals. Major program elements include promoting Turkish Armed Forces modernization and strengthening Turkey's participation in the global war on terrorism. In Bosnia-Herzegovina, FMF will promote defense reform to integrate three military entities into a single state-level military that is under civilian control.

Program Assessment Rating Tool (PART)/Performance Evaluation

For preparation of the FY 2004 budget, the Administration evaluated the Department's Military Assistance to new NATO and NATO Aspirant Countries using the Program Assessment Rating Tool (PART). The PART rated the program as moderately effective in FY 2004 and has not been reassessed. The program promotes U.S. security by providing U.S. military equipment, services, and training to the governments of the ten new NATO countries recently offered NATO membership – Bulgaria, Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Romania, Slovakia, and Slovenia – along with NATO aspirants Albania, Croatia, and Macedonia. All PART findings have been factored in determining resources allocations.

OMB assessment recommendations noted in the FY 2004 PART were addressed during the FY 2005 and FY 2006 budget cycles. Actions included regularly scheduled evaluations of the program's effectiveness by independent parties and coordination of program priorities and recommendations by the State and Defense Departments. Assessment recommendations addressed by program staff also included pressing nations that are lagging in their reform efforts, and continued development of an e-government management tool to assist managers in determining program deficiencies.

Key Indicators: (1) Number of new allies reaching sustainable state of niche capabilities; (2) The proportion of new Allies that spend at least 2% of GDP on their military budgets; (3) Percentage of new Allies that have met their NATO Force Goals; (4) Percentage of deployable niche units in each new NATO member; (5) Number of new NATO Allies that have implemented a Planning, Program, and Budgeting System (PPBS) that can support their militaries; (6) Percentage of countries that contribute military capabilities (e.g., equipment, units, and forces) or infrastructure (e.g., airfields) for contingencies when requested by the U.S.; and (7) Percentage of aspirants making progress achieving NATO defined and measured, country - specific Membership Action Plans.

- FMF in the Western Hemisphere focuses on key U.S. foreign policy and national security objectives for the region by ensuring that militaries are equipped and professionally trained to exert effective authority over their national territory, control approaches to the United States and participate in coalition and peacekeeping operations. The majority of assistance will go to supporting Colombia, its neighbors, and Bolivia in their efforts to establish and strengthen national authority over remote areas that shelter terrorists and support the illegal narcotics trade. FMF also plays a critical role in U.S. homeland defense by improving the capacity of countries on our southern borders and approaches, including the island states that form our "third border." Towards this end, FMF is being requested in FY 2006 for a new program in Mexico and for a new initiative, Operation Enduring Friendship, which

will provide support to countries in the Caribbean and Central America. By improving the ability of these countries to control their sovereign territory and provide for a robust maritime interdiction program, much can be done to combat transnational crime and counter terrorism. Finally, FMF will be used to provide equipment and training to those countries in the region that are willing to work closely with the United States and its allies around the globe in support of coalition and/or peacekeeping operations.

Program Assessment Rating Tool (PART)/Performance Evaluation

In 2004, the Program Assessment Rating Tool (PART) was used to evaluate Foreign Military Financing (FMF) and International Military Education and Training (IMET) in the Western Hemisphere. OMB determined that the programs were “Effective” with a score of 90%. In 2003, OMB rated FMF and IMET in the hemisphere as “Moderately Effective” (73%).

The PART assessment helped the bureau sharpen its FMF and IMET justifications for the FY 2006 budget request. In particular, the development of effective PART measures required the bureau to establish its long-term goals in greater detail. However, it should be noted that our budget request was driven by our objectives for the FMF and IMET programs, not our PART measures. The first step was to establish our policy objectives and determine the supporting budget request; only then did we develop our PART measures for those objectives.

The OMB recommendations based on our 2003 PART were to make our long-term goals more specific and to make our annual budget request more transparent. We addressed both of these requirements by revising our long-term goals to more closely match the objectives established in our budget request.

Key Indicators: (1) The government of Colombia controls its national territory (terrorists deactivated, terrorist attacks, and police deployments to rural areas); (2) Number of offensive operations conducted by Colombian units that are the focus of FMF support; (3) Percentage of FMF and IMET recipients that participate in more than two combined/multilateral exercises, peacekeeping operations, or coalition operations; (4) Number of times that WHA FMF and IMET recipient countries participate in joint/multilateral exercises, peacekeeping operations, and coalition operations. Number of countries participating in Enduring Friendship; (5) Decrease in the use of non-commercial maritime conveyances for moving cocaine to the U.S.; and (6) Amount of cocaine seized in the transit zone. The efficiency measure is the “ratio of FMF support to Colombia to the number of personnel in the Colombian armed forces.”

- Much of the FMF to the East Asia and Pacific region will go to the Philippines to sustain logistical and support functions, help enhance counterterrorism activities and continue a multi-year effort to reform the Armed Forces of the Philippines. Funds for East Timor will be used to ensure the establishment of a competent defense force, which is trained, prepared and equipped to defend the country’s sovereignty, perform civic actions, respond to natural disasters and emergencies, and develop policy and strategic direction under the rule of law. Mongolia will continue to use FMF to support its border communications project, which is designed to stop terrorists and trans-national criminals. Thailand will use FMF to support its counterterrorism units, thereby enhancing its ability to combat terrorism, operate together with U.S. forces and participate in regional and coalition operations outside of Thailand. FMF for Cambodia will be used to improve the Cambodian military’s capacity to conduct border surveillance and counterterrorism missions. FMF for Fiji and Tonga will continue modest programs begun in FY 2005 to improve their peacekeeping capabilities.
- Conflict and strife in Africa remains a concern for the United States. FMF for this region will support counterterrorism capabilities, improve peacekeeping capacity and enhance border and maritime

controls, thereby strengthening regional stability. Funds will be used to help Kenya thwart the terrorist threat from Somalia and bolster its substantial commitment to regional security and international peacekeeping through provision of equipment and support for air base operations. FY 2006 FMF will continue to support the African Coastal and Border Security program, which seeks to provide new and follow-on assistance to important African partners to develop means to control Africa's vast borders and territorial waters, significant elements of counterterrorism in the region. In one case, Liberia, funds will assist in the establishment of a new unified and professional national military force. Funding will also provide HIV/AIDS training equipment to prevent new HIV/AIDS cases and to better manage its impact on African military personnel. (See the PKO page for data regarding PART.)

- FMF in the South Asia region continues to focus on sustaining Operation Enduring Freedom (OEF), countering regional and international terrorism and enhancing counter-insurgency and peace support capabilities. The majority of FY 2006 FMF for the South Asia region will go to Pakistan. FMF will fund equipment essential to Pakistan's participation in support of OEF, sustain existing U.S.-origin equipment, further enhance U.S.-Pakistani interoperability and support a multi-year funding strategy to bolster the efforts of a key ally in the war on terrorism.
- FMF will also support Department of Defense costs for the administration of global grant military assistance programs.

Foreign Military Financing
(\$ in thousands)

	FY 2004 Actual	FY 2005 Estimate	FY 2006 Request
Africa			
Botswana	500	496	500
Djibouti	6,378	3,968	4,000
Eritrea	-	496	500
Ethiopia	2,480	1,984	2,000
Ghana	737	496	500
Kenya	6,635	6,944	7,000
Liberia	-	2,976	2,000
Nigeria	-	496	1,000
Senegal	737	496	500
Uganda	1,990	1,984	-
Africa Coastal/Border Security Program	-	3,968	4,000
Military Health Affairs	1,490	1,984	2,000
Subtotal - Africa	20,947	26,288	24,000
East Asia and the Pacific			
Cambodia	-	992	500
East Timor	2,420	992	1,500
Fiji	-	248	500
Indonesia	-	992	1,000
Mongolia	995	992	2,500
Philippines	19,880	29,760	20,000
Thailand	881	1,488	1,500
Tonga	500	248	250
Subtotal - East Asia and the Pacific	24,676	35,712	27,750
Europe and Eurasia			
Albania	5,000	2,976	3,500
Armenia	2,485	7,936	5,000
Azerbaijan	2,485	7,936	5,000
Bosnia and Herzegovina	18,400	2,480	10,000
Bulgaria	8,450	6,944	19,000
Czech Republic	7,869	5,952	6,000
Estonia	5,979	4,960	5,000
Georgia	12,000	11,904	12,000
Hungary	6,938	5,952	4,000
Kazakhstan	2,980	4,960	5,000
Kyrgyz Republic	4,075	1,984	2,000
Latvia	6,496	4,960	5,000
Lithuania	6,389	5,456	5,000
Macedonia	7,950	5,208	5,000

Foreign Military Financing
(\$ in thousands)

	FY 2004 Actual	FY 2005 Estimate	FY 2006 Request
Moldova	990	446	500
Poland	32,500	65,472	30,000
Romania	8,950	10,912	29,000
Slovakia	6,603	4,960	5,000
Slovenia	1,974	1,488	1,000
Tajikistan	1,995	496	500
Turkey	35,000	33,728	25,000
Turkmenistan	500	694	400
Ukraine	5,000	2,976	16,500
Uzbekistan	-	10,912	4,000
Subtotal - Europe and Eurasia	191,008	211,692	203,400
Near East			
Bahrain	24,682	18,848	19,000
Egypt	1,292,330	1,289,600	1,300,000
Israel	2,147,256	2,202,240	2,280,000
Jordan	204,785	204,352	206,000
Morocco	9,940	15,128	18,000
Oman	24,850	19,840	20,000
Tunisia	9,827	9,920	10,000
Yemen	14,910	9,920	10,000
Subtotal - Near East	3,728,580	3,769,848	3,863,000
South Asia			
Afghanistan	49,705	396,800	-
Afghanistan ERF	77,000	-	-
Afghanistan SUP	287,000	-	-
Bangladesh	-	248	-
Nepal	3,975	1,488	4,000
Pakistan	74,560	148,800	300,000
Sri Lanka	2,495	496	1,000
Subtotal - South Asia	494,735	547,832	305,000
Western Hemisphere			
Argentina	-	992	1,000
Bahamas	99	99	100
Belize	191	198	200
Bolivia	3,976	1,984	1,800
Chile	347	496	750
Colombia	98,450	99,200	90,000
Dominican Republic	2,000	992	1,000

Foreign Military Financing
(\$ in thousands)

	FY 2004 Actual	FY 2005 Estimate	FY 2006 Request
Ecuador	-	992	750
El Salvador	5,000	1,488	13,000
Guatemala	-	-	500
Guyana	95	99	100
Haiti	295	298	1,000
Honduras	2,375	992	1,000
Jamaica	597	595	600
Mexico	-	-	2,500
Nicaragua	938	496	750
Panama	2,000	992	1,100
Peru	-	992	300
Suriname	114	99	100
Uruguay	-	397	150
Eastern Caribbean	3,137	993	1,250
Operation Enduring Friendship	-	-	5,000
Subtotal - Western Hemisphere	119,614	112,394	122,950
Global			
Enhanced International Peacekeeping Capabilities	1,990	1,786	-
FMF Administrative Costs	40,260	39,680	42,500
Subtotal - Global	42,250	41,466	42,500
Total	4,621,810	4,745,232	4,588,600

FMF Administrative Costs

(\$ in thousands)

Account	FY 2004 Actual	FY 2005 Estimate	FY 2006 Request
FMF	40,260	39,680	42,500

The requested funding provides for the cost of administrative activities related to non-Foreign Military Sales (FMS) security assistance programs implemented by the Combatant Commands, Military Departments and the Defense Security Cooperation Agency (DSCA).

The proposed program level represents the projected costs required to accomplish the managerial and administrative actions necessary to manage and implement the non-FMS segments of security assistance programs, as authorized under the AECA and the FAA. These functions include staffing headquarters, personnel management, budgeting and accounting, office services and facilities and support for non-FMS functions of the overseas Security Assistance Organizations (SAOs).

The FMF Administrative Costs account implements such non-FMS activities as administration of the IMET program; management of drawdowns of military equipment and services; grant transfers of excess defense articles and naval vessels; fulfilling responsibility for monitoring military items previously transferred under the former Military Assistance Program (MAP); reviewing FMF-financed Direct Commercial Contracts (DCC); and management of the FMF program. The initiation and expansion of security assistance relationships with many countries around the world in support of the war on terrorism require the establishment of SAOs in an increasing number of locations. In addition, overseas costs for all SAOs, especially for security, have increased dramatically.

The sustained increases in IMET funding levels, as well as new GWOT-related student screening requirements, have also increased administrative workload and funding requirements. FMF Admin funds also support the continued implementation of the Golden Sentry end use monitoring program, which is critical for maintaining physical accountability and security for weapons such as man-portable air defense missile systems.

Peacekeeping Operations

(\$ in thousands)

Account	FY 2004 Actual	FY 2005 Estimate	FY 2006 Request
PKO	74,458	177,568	195,800
PKO-SUP	50,000	-	-

U.S. Peacekeeping Operations (PKO) funds support multilateral peacekeeping and regional stability operations that are not funded through the UN mechanism. This funding helps to support regional peace support operations for which international coalitions or neighboring countries take primary responsibility. These funds also help build capabilities in countries seeking to participate in international peace support missions. The United States is committed to enhancing the ability of other nations and international organizations to carry out voluntary peacekeeping and humanitarian operations, and to help restore thereby sharing an international burden to restore regional stability and peace.

Assistance for peacekeeping and peace support operations is a cornerstone of regional security. Historically, these operations help separate adversaries, promote and maintain cease-fires, facilitate delivery of humanitarian relief, allow repatriation of refugees and displaced persons, demobilize combatants, and create conditions under which political reconciliation and democratic elections may occur. Successful peacekeeping operations can reduce the likelihood of destabilizing interventions by regional powers and the need for more expensive UN operations, prevent the proliferation and expansion of smaller-scale conflicts, facilitate the establishment and growth of open societies and economies, contain the cost of humanitarian emergencies, limit the flow of refugees, and restrict illegal activities both within and across national borders. PKO assistance builds capabilities in countries and international organizations to undertake these tasks by establishing new peacekeeping units and security forces, enhancing operational planning skills to command and implement international missions, and improving equipment and communications critical to operations.

Key objectives of this account are to:

- Promote peace and security by supporting multilateral peacekeeping initiatives around the world.
- Address key gaps in capabilities to enable countries and regional organizations to deploy to peacekeeping and humanitarian operations.
- Develop institutional capacity to coordinate peacekeeping and other military and humanitarian support operations.
- Advance international support for voluntary multinational efforts in conflict resolution.
- Reform and integrate military forces in the aftermath of conflict.

Through the use of the PKO account, the United States is better able to assist countries in creating an environment of security and stability essential to their social, economic, and political progress. The account provides the flexibility to support multilateral peace operations, conflict resolution, sanctions enforcement. It can strengthen involvement of regional organizations in conflict resolution, often resulting in more politically- or cost-effective operations.

Highlights of the use of PKO funds in FY 2006 include:

- Continued support for the Afghanistan National Army (ANA), whose development is critical to the future of the country. PKO will help cover the costs of paying and training the ANA and some members of the Ministry of Defense, including related institutional and sustainment costs.
- Support for conflict management capacity building in African states and regional institutions such as the African Union (AU) and the Economic Community of West African States (ECOWAS), logistical, technical and other support for African peacekeeping activities, and security sector reform (SSR). Currently Africa is beset with the task of ending seven major conflicts that threaten regional stability: Cote d'Ivoire, Sierra Leone, Liberia, Democratic Republic of Congo (DRC), Burundi, Sudan, and the Ethiopia-Eritrea border. In the case of SSR, PKO funds will help equip and train African militaries in the midst of institutional transformation, helping them evolve into professional, apolitical organizations capable of contributing to the peace process in a meaningful way.

Program Assessment Rating Tool (PART) / Performance Evaluation

For preparation of the FY 2006 budget, the Administration reevaluated the Department's Program on Security Assistance to Sub-Saharan Africa using the Program Assessment Rating Tool (PART). In this, its third PART review, the program showed significant improvement from an FY 2005 rating of moderately effective to effective. The program makes a unique contribution in promoting peace and stability, developing indigenous African peacekeeping and humanitarian response capabilities, developing professional African militaries, and developing relationships between U.S. and African militaries. Information from the PART review was considered in the overall decision-making process for resource allocations. The FY 2006 PART review noted that continued improvements had been achieved since the FY 2005 review in the areas of strategic planning and program results. The review noted improvements in providing evidence that federal managers and program partners are held accountable for program performance. A further recommendation that was instituted in the FY 2006 PART was the inclusion of an efficiency measure.

Key Indicators: (1) Cost to Train and Equip One Battalion of U.S.-trained or U.S. Trainer-trained African Peacekeeping Troops; (2) Number of U.S.-trained African units (or trained by U.S.-trained trainers) deployed to peace support/humanitarian response operations; (3) African militaries contribute to the democratic evolution in their societies by thwarting coups and conforming to democratic principles; avoiding human rights violations; decreasing defense burden on national budget; decreasing HIV/AIDS prevalence; and Article 98 agreements signed; (4) ECOWAS provides more oversight of regional peace support and humanitarian response requirements as evidenced by increased defense and security staff size and capabilities and expanded scope of conflict mitigation activities; and (5) Increase in number of African military officers, non-commissioned officers and civilian, exposed to U.S. operational techniques and democratic mores through the Int'l Military Education and Training (IMET) program, which is a vital security assistance tool.

- Funds for the Global Peace Operations Initiative (GPOI) program, which will enable countries to deploy to global peace support operations (PSOs) by addressing key gaps in their PSO capacity. The program focuses on training and equipping 75,000 troops, with an emphasis in Africa; increasing the number of gendarme units able to deploy to PSOs; and facilitating deployments by providing support such as transportation and sustainment in the field. The program includes continued support for the PKO-funded African Contingency Operations Training and Assistance (ACOTA) program and what was the Enhanced International Peacekeeping Capabilities (EIPC), previously funded under the Foreign Military Financing account.

- Provide for the Multinational Force and Observers (MFO) in the Sinai, which is an important part of the peace between Israel and its neighbors. In addition to an established system to monitor compliance of the Egyptian-Israeli Peace Treaty, the MFO offers an effective liaison system between the Egyptian and Israeli defense forces. The United States has a firm political commitment to finance one-third of the annual MFO budget, with the other two thirds provided by Israel and Egypt.
- Support voluntary contributions in support of high priority U.S. foreign policy goals within the Organization for Cooperation and Security in Europe (OSCE).

Program Assessment Rating Tool (PART)/Performance Evaluation

For preparation of the FY 2005 budget, the Administration reevaluated the Department's PKO OSCE Program using the Program Assessment Rating Tool (PART). The program was not reassessed for FY 2006. In its second PART review, the program showed significant improvement from the FY 2004 rating of Results Not Demonstrated to Moderately Effective. The program purpose is to provide funding to the OSCE to ensure regional and sub-regional stability in the independent states of the former Soviet Union and the countries of southeastern Europe. Findings from the PART process were a factor in the overall decision-making process for resources allocation. The FY 2005 OMB PART assessment acknowledged significant improvements in the areas of strategic planning and program results. Other FY 2005 assessment recommendations have been addressed, including the establishment by the USOSCE Mission Performance Plan (MPP) of detailed performance indicators for resolution of conflicts in OSCE states.

Key Indicators: (1) Per Unit Cost of USG-Funded OSCE election observation; (2) Conclusion and implementation of a comprehensive political settlement of the conflict between Moldova and its breakaway constituent region of Transnistria; (3) OSCE Secretariat implementation of a comprehensive regulatory framework on the basis of its program for Integrated Resource Management (IRMA); (4) A settlement of the Nagorno-Karabakh conflict between Armenia and Azerbaijan; (5) Adoption of decisions and implementation of measures to strengthen the OSCE budgeting process; (6) Implementation of a comprehensive system to ensure accountability for U.S. extra-budgetary contributions to the OSCE; (7) ODIHR/OSCE assessment of participating State compliance with international standards in the conduct of elections; and (8) Level of implementation of an OSCE Action Plan on Activities to Combat Trafficking in Human Beings.

- Fund continuation of peace support efforts in Sri Lanka. PKO funds would enable an international monitoring mission charged with on-site monitoring and verification of the terms of the cease-fire agreement.

Peacekeeping Operations
(\$ in thousands)

	FY 2004 Actual	FY 2005 Estimate	FY 2006 Request
Africa			
Africa Regional	9,761	43,912	41,400
African Contingency Operations Training and Assistance	15,410	14,880	-
Sudan	-	74,400	-
Sudan SUP	5,000	-	-
Subtotal - Africa	30,171	133,192	41,400
East Asia and the Pacific			
East Timor	1,050	1,000	-
Mongolia SUP	1,000	-	-
Philippines SUP	15,000	-	-
Thailand SUP	500	-	-
Subtotal - East Asia and the Pacific	17,550	1,000	-
Europe and Eurasia			
OSCE Bosnia	11,500	-	-
OSCE Croatia	1,800	-	-
OSCE Kosovo	7,000	-	-
OSCE Regional	8,014	2,400	2,000
Georgia	3,000	-	-
Ukraine SUP	3,500	-	-
Subtotal - Europe and Eurasia	34,814	2,400	2,000
Near East			
Multinational Force and Observers	16,213	16,456	19,000
Yemen SUP	5,000	-	-
Subtotal - Near East	21,213	16,456	19,000
South Asia			
Afghanistan	-	23,800	18,000
Afghanistan SUP	20,000	-	-
Sri Lanka	-	720	1,000
Subtotal - South Asia	20,000	24,520	19,000
Western Hemisphere			
Haiti	210	-	-
Nicaragua	500	-	-
Subtotal - Western Hemisphere	710	-	-

Peacekeeping Operations
(\$ in thousands)

	FY 2004 Actual	FY 2005 Estimate	FY 2006 Request
Global			
Global Peace Operations Initiative	-	-	114,400
Subtotal - Global	-	-	114,400
Total	124,458	177,568	195,800

Global Peace Operations Initiative

(\$ in thousands)

Account	FY 2004 Actual	FY 2005 Estimate	FY 2006 Request
PKO	-	-	114,400

The GPOI is a Presidential initiative to increase the capacity of countries to deploy to international peace support operations. A five-year program beginning in FY 2005, GPOI is designed to address key gaps in this global capacity by 1) training 75,000 peace support troops worldwide, with an emphasis in the Africa region and building African command headquarters capability; 2) increasing the number of gendarme units deployable to international operations; and 3) facilitating deployment by helping to provide equipment, transportation, and field sustainment. The program incorporates the PKO-funded *African Contingency Operations Training and Assistance (ACOTA)* program and builds on the *Enhanced International Peacekeeping Capabilities (EIPC) Initiative*, previously funded under the Foreign Military Financing account.

GPOI's overarching goals will be accomplished through the following activities:

- *Worldwide Train and Equip (\$63,000,000)* - Funds for the worldwide Train and Equip component of GPOI supports a broad range of activities to improve global peace support capabilities with a focus on expanding the train and equip effort beyond Africa. Funding will be directed to provide training, equipment, and sustainment for up to 15 battalions in three regions of the world other than Africa (which will be provided under the ACOTA program below). This includes unit training as well as training and exercises to test capabilities and provide experience in using newly acquired skills in a multinational setting. In addition, funds will purchase peacekeeping equipment that will be cached and available to international peace support units developed under GPOI – including those trained by ACOTA – for use if needed to deploy to an international operation. Modest funding will also be provided to the gendarme element of GPOI to help foreign units receive training at the G-8 designated Center of Excellence for Stability Police Units (CoESPU) in Vicenza, Italy. Using a “train-the-trainer” methodology, the Center will focus on peace support operations doctrine, interoperability both among foreign gendarme units and with military units, and a series of other skills that will help fill the vital security gap that exists in most peace support operations today. Finally, funds will enable the U.S. to make a contribution to an international deployment support arrangement to facilitate lift and sustainment of troops to operations worldwide, and develop an evaluative mechanism, including measures of effectiveness, to ensure GPOI is achieving its goals.
- *Enhancing Regional Capabilities (\$14,000,000)* – Training and equipping peace support units must be accompanied by the development of capable command elements that can lead and sustain them. Therefore, GPOI will also focus on building command and planning capabilities for peace support operations. Building on years of experience developing institutional capacities to field more efficient and well-led peacekeeping units through the Enhanced International Peacekeeping Capabilities program, GPOI will provide training in common peacekeeping doctrine, support the development of regional headquarters commands, and enhance command and control interoperability at the battalion and higher levels. In FY 2006, efforts will focus on developing headquarters peace operations capabilities in the African sub-regional organizations, Economic Community of West African States (ECOWAS) and the African Union (AU). This will include support for headquarters personnel and infrastructure; training through classroom and mobile training teams; training exercises to practice command control, and equipment to improve regional interoperability. Training and exercises will emphasize peacekeeping doctrine, command and control, and force planning. In other regions of the world, similar command and control capabilities will be developed at regional organizations and/or in

countries that will take a leadership role in building peace support capabilities in other regions of the world.

- *African Contingency Operations Training and Assistance (ACOTA) (\$37,400,000)* - The ACOTA program is the African peacekeeping training component of GPOI and will train selected African militaries to carry out peace support and humanitarian relief operations. ACOTA works with African partner militaries, regional and sub-regional organizations, and other U.S. Government programs to coordinate crisis response training. ACOTA partnerships are based on extensive collaboration with African countries and other stakeholders. The program enables African military contingents from different countries and organizations to execute multinational peacekeeping operations by providing them with interoperable peace support operations skills and training equipment. ACOTA's comprehensive approach encourages African countries and security institutions take the primary responsibility for peacekeeping in the region. Greater regional stability created by an enhanced African peace support capacity serves U.S. interests in promoting African democracy and economic growth.

ACOTA enhances African capabilities to participate in an expanded range of peace support operations through a program combining classroom instruction, field training, and computer-assisted exercises. Partner nation training staffs are integrated into the instruction in order to assure that they are able to continue to conduct programs of instruction established by ACOTA in tasks such as convoy escort, logistics, protection of refugees, negotiations, robust force protection, and command and control. Brigade-level staff training develops skills necessary for effective sub-regional command and control structures. The program integrates humanitarian, nongovernmental, and international relief organization participation into the training in order to improve critical coordination in real-world operations. In FY06, ACOTA's commitment to long-term support and cooperation will continue. ACOTA will train and equip new battalions and continue ACOTA training programs in partner countries such as Senegal, Ghana, Benin, Mali, Kenya, Ethiopia, Malawi, Botswana, Mozambique, South Africa, Zambia and Niger. It will conduct bilateral and multinational brigade-level training exercises that include participants from sub-regional organizations. Support to African regional security organizations and to the new African Standby Brigades will assist development of strong planning and organizational units capable of response to humanitarian and peacekeeping crises in the region. Finally, ACOTA will expand equipment and logistics training support to ensure African units can respond effectively to crises in the region.

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MULTILATERAL ECONOMIC ASSISTANCE

International Financial Institutions
International Organizations and Programs

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International Financial Institutions

(\$ in thousands)

Account	FY 2004 Actual	FY 2005 Estimate	FY 2006 Request
IFI	1,383,042	1,219,199	1,335,330

The FY 2006 request for the IFIs includes \$1.329 billion for scheduled annual commitments and \$6.57 million to clear a portion of outstanding U.S. arrears, which currently total \$687.04 million.

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

The FY2006 request includes the initial scheduled commitment to three new replenishments – the fourteenth replenishment of the International Development Association (IDA-14), the tenth replenishment of the African Development Fund (AfDF-10), and the eighth replenishment of the Asian Development Fund (AsDF-9).

U.S. leadership in the IDA-14 replenishment negotiations achieved a number of key reforms, most notably a significant increase in grant financing. The share of new funding disbursed to the poorest countries through grants, rather than loans, will increase from about 25 percent to approximately 45 percent. Agreement was also reached on an expanded results measurement system and progress toward greater transparency.

In the AfDF-10 replenishment negotiations, the U.S. was also successful in attaining a substantial increase in grant financing to the poorest countries, from a level of about 20 percent to approximately 45 percent. The replenishment also achieved greater selectivity and effectiveness of operations, enhanced transparency and anti-corruption measures, and greater support to post-conflict countries.

The AsDF-9 replenishment negotiations established, for the first time in the AsDF, a grant window where approximately 30 percent of assistance to the poorest countries will be in the form of grants. Agreement was also reached to increase the weight given to good governance and strong policy performance in the system used to allocate AsDF resources to countries, to provide a significant increase in resources for anti-corruption activities, and to establish a results management unit to oversee the implementation of a new results measurement strategy throughout the institution.

International Financial Institutions
(\$ in thousands)

	FY 2004 Actual	FY 2005 Estimate	FY 2006 Request
Global Environment Facility	138,418	106,640	107,500
International Development Association	907,812	843,200	950,000
Multilateral Investment Guarantee Agency	1,117	-	1,742
Asian Development Fund	143,569	99,200	115,250
African Development Bank	5,075	4,067	5,638
African Development Fund	112,060	105,152	135,700
European Bank for Reconstruction and Development	35,222	35,148	1,016
Inter-American Development Bank - Multilateral Investment Fund	24,853	10,912	1,742
Inter-American Investment Corporation	-	-	1,742
International Fund for Agricultural Development	14,916	14,880	15,000
Total	1,383,042	1,219,199	1,335,330

International Organizations and Programs

(\$ in thousands)

Account	FY 2004 Actual	FY 2005 Estimate	FY 2006 Request
IO&P	294,899	325,767	281,908

The FY 2006 request of \$281,908,000 for International Organizations and Programs (IO&P) would advance the United States' strategic goals by addressing challenges that require international consultation and coordination. In some areas, such as protecting the ozone layer or safeguarding international air traffic, solutions cannot be effective unless problems are addressed globally. In other areas, such as development programs and addressing the needs of children and mothers, the United States multiplies the influence and effectiveness of its contributions through support for international programs.

- *United Nations Voluntary Fund for Technical Cooperation in the Field of Human Rights (\$1,425,000)*

Contributing to the Fund advances the U.S. goal of promoting democracy and human rights. The UN can use the Fund to undertake projects, which, in some instances, the United States cannot implement bilaterally. A secure tradition of voluntary funding, anchored by the U.S. contribution, guarantees availability of such assistance to those nations that seek assistance in strengthening their own democratic institutions, and protecting the human rights of their citizens. Many of these nations are newly independent, and are struggling to adopt, implement and adhere to the democratic principles promoted by the donor nations.

- *United Nations Voluntary Fund for Victims of Torture (\$4,750,000)*

Contributions to this Fund also support the U.S. foreign policy goal of promoting democracy and human rights. Assisting torture victims helps establish and reinforce a climate of respect for the rule of law, good governance and human rights. U.S. contributions underscore our commitment to the rights of the individual and to the essential importance of protecting these rights. Contributions to the Fund also demonstrate the U.S. commitment to humanitarian assistance to victims of human rights violations. The Fund provides worldwide humanitarian assistance to torture victims and their families and also finances training programs for health care professionals specializing in the treatment of torture victims and human rights courses for government officials and police forces. Today, 80,000 victims of torture and their relatives and about 200 organizations around the world are assisted by the Fund. Types of assistance to victims of torture provided by the Fund are by order of importance: psychological, medical, social, legal, and economic.

- *Organization of American States Fund for Strengthening Democracy (OAS Democ Fund) (2,500,000)*

Strengthening democracy is a strategic goal of President Bush's policy. FY 2006 funding for the OAS Democ Fund will advance that goal by promoting democracy programs of the OAS and leveraging further funding from other donors. In recent years, the OAS has demonstrated newfound strength and purpose in promoting representative democracy and respect for human rights and the rule of law. The OAS Democ Fund is an effective tool in mobilizing OAS efforts in that regard, through conflict resolution, electoral observation missions and technical assistance, and programs to strengthen democratic institutions and political parties. The OAS Democ Fund continues to play a critical role in capitalizing and seeding many of those aforementioned programs. The OAS Democ Fund also provides quick, early funding for critical programs, such as high priority OAS missions responding to crisis situations (Haiti, Venezuela), promoting conflict resolution, and providing technical electoral assistance. The OAS Democ Fund also supports the Inter-American Commission on Human Rights, which monitors and adjudicates human rights complaints in the Western Hemisphere, and contributes to the highly successful OAS de-mining program (AICMA),

which is making real progress toward achieving a landmine-free Central America. Furthermore, mandates of the Summit of the Americas, as well as recent OAS commitments to implement the Inter-American Democratic Charter, which was inspired by the 2001 Quebec Summit, have increased demands on the OAS Democ Fund to support the efforts of the Unit for Promotion of Democracy to prevent and address threats to democracy in the hemisphere.

- *United Nations Development Program (UNDP) (\$95,000,000)*

UNDP promotes and supports democracy and prosperity worldwide. UNDP's programs are closely aligned with U.S. strategic interests. UNDP adopted five "core goals" for its work in the next four years: (1) reduce human poverty; (2) foster democratic governance; (3) manage energy and environment for sustainable development; (4) support crisis prevention and recovery; and (5) respond to HIV/AIDS. UNDP is also a valuable partner in the Administration's efforts in post-conflict recovery and reconstruction, including in Afghanistan, Iraq, and Liberia. UNDP is responsible for the creation of the UN's Commission on the Private Sector and Development, and for the Commission's inaugural report with recommendations to foster development of the private sector in developing countries.

UNDP is the UN's primary development agency with a presence in over 136 countries; it has transformed itself from a project financing entity into an organization focused on governance and institutional capacity building. UNDP has also instituted a results-based management system to monitor and improve its performance.

As the chair of the United Nations Development Group (UNDG), which coordinates the activities of all UN development agencies, UNDP is in a unique position to influence the UN's development policies and practices. At the country level, it provides services to nineteen agencies and manages the Resident Coordinator System -- a system essential to shaping a common UN approach to the development needs of a country.

Program Assessment Rating Tool (PART)/Performance Evaluation

For preparation of the FY 2006 budget, the Administration reevaluated the Department's contribution to UNDP for the second time using the Program Assessment Rating Tool (PART). UNDP showed an improved rating from results not demonstrated to effective. The program received excellent scores in regards to the program's purpose: to provide central funding and coordination of UN activities that advance economic and social development while combating poverty and disease worldwide. The assessment also found that the program does have a limited number of long-term performance goals with ambitious targets and timeframes. The program has responded to OMB's findings and recommendations by implementing measurable annual performance targets, an efficiency measure, and by effectively demonstrating that program managers are held accountable for achieving key U.S. objectives within the UN organization. The PART process provided information that was taken into account in the overall decision-making process for UNDP's resource allocation.

Key Indicators: (1) "Operational Support Costs" as a Percentage of Total Costs; (2) Percentage of countries where annual targets were fully achieved out of the total number of countries (92) where UNDP provided support for democratic governance goal; and (3) Percentage of countries where annual targets were fully achieved out of the total number (36) of countries where UNDP provides support to conflict prevention and peace building.

- *United Nations Development Fund for Women (UNIFEM) (\$950,000)*

UNIFEM's goal is to improve the status of and opportunities for women in the least developed countries through greater participation in political, economic, and social life. Investments in women -- in their health, education, and economic access -- are key components of sustainable development. The more education women have, the more likely they are to be economically productive and engage in public life. They are also more likely to begin childbearing later in life, to educate their children, and to have healthier children -- passing the advantages they have gained on to the next generation. UNIFEM's goals coincide with several key U.S. strategic goals: economic development, democracy and human rights, and global growth and stability.

UNIFEM works in over 100 countries with a growing network of affiliated individual advisors and organizations in Africa, the Arab States, Asia and the Pacific, Central and Eastern Europe, as well as Latin America and the Caribbean.

- *Organization of American States Development Assistance Programs (\$5,225,000)*

Key U.S. policy objectives include the promotion of economic prosperity, social well-being and global environmental issues as essential underpinnings of stable democratic governments. FY 2006 funding for OAS Development Programs would help advance those goals. The OAS recently established the Inter-American Agency for Cooperation and Development to strengthen program execution and provide a mechanism for partnerships with private sector and non-governmental entities to develop projects that promote the use of best practices in education, government procurement and science and technology.

In the wake of the terrorist attacks of 9/11, the Agency has been praised for its commitment to port security training, which supports the U.S. goals of combating corruption and smuggling. The OAS also developed an airport-security training program for Caribbean international airports and may expand that program to Central America. The Agency has been very successful in the area of education by offering several training programs in technical fields. In response to the Summit of the Americas, it has developed training programs for teachers that are available online through the Education Portal of the Americas. Funds are also used to implement cooperative multinational programs in areas such as social and educational development, environmental protection and watershed management, and science and technology.

The National Institute of Standards and Technology offers courses through the OAS on standardization that will allow Latin American and Caribbean countries to place their goods on the world market, an essential prelude to the Free Trade Area of the Americas (FTAA). A contribution in FY 2006 will allow the OAS to meet its Summit of the Americas mandates in the areas of economic and social development, education, science and technology, and sustainable rural development activities, as well as assist Caribbean and other small-state economies to prepare for the FTAA.

- *World Trade Organization (WTO) (\$950,000)*

The successful conclusion of the WTO Doha Round of trade negotiations remains a key U.S. international economic policy objective. Providing a strong trade capacity building assistance program for developing countries is essential to making progress in the Doha Round.

Ministers at the November 2001 WTO Doha Ministerial Conference underscored the importance of assisting developing countries to build trade capacity so that they might participate more fully in the WTO and the global economy. The commitment by developed countries to provide capacity building assistance was key to convincing developing countries to agree to launch the Doha Round. For this reason, the WTO

established the Doha Development Agenda (DDA) Global Trust Fund to support developing countries' efforts to actively engage in WTO trade negotiations.

The WTO Global Trust Fund assists developing countries in implementing and participating in these negotiations, allowing them to further liberalize and open their trading systems. Funding for the WTO Global Trust Fund will provide necessary technical assistance to ensure all WTO Members share in the benefits of world trade, and will be supplemented by contributions by other developed countries. The requested contribution, like previous U.S. contributions to the Fund, will assist recipient countries in understanding and adopting open and transparent rules and regulatory regimes; implementing multilateral rules (which will help boost U.S. exports); and laying the foundation for sound economic reforms that contribute to growth and stability. During the 1990s, the lowering of trade barriers contributed to five percent GDP growth annually among developing countries that were members of the WTO.

The U.S. contribution to the Fund will advance market-opening negotiations in the Doha Round, resulting in substantial benefits to American business, workers and consumers. During the 1990s, the lowering of trade barriers helped U.S. exports reach approximately \$1 trillion annually, generating employment for 12 million Americans.

Successful and timely conclusion of the Doha Round will help achieve our strategic goals of further market opening, expansion of U.S. exports, and international growth and stability. Maintaining funding for the WTO DDA Trust Fund for FY 2006 would underscore in a concrete way our strong commitment to the Doha Round, in particular the importance we attach to full participation of developing countries.

- *International Civil Aviation Organization (ICAO) Aviation Security Fund (\$950,000)*

Following the events of 9/11, aviation security has taken on additional importance at the urging of the United States. The ICAO Aviation Security Fund aims to strengthen aviation security worldwide by preventing terrorism and unlawful interference with civil aviation and its facilities. ICAO has established new standards for cockpit security and crew procedures. ICAO is also implementing a global harmonized blueprint for the introduction of biometric facial recognition information into passports, visas, and other machine-readable travel documents. Rapid and effective adoption of these standards worldwide will have significant benefits for the United States by enhancing the security of foreign aircraft entering U.S. airspace and using U.S. airports.

ICAO's security audit program monitors compliance with security standards by identifying countries that do not adhere to the standards and helping them develop and implement actions to comply. The FY 2006 request would provide funding to help to speed up the completion of security audits in a greater number of countries.

- *International Maritime Organization (IMO) (\$400,000)*

At U.S. urging, the IMO launched a major maritime security initiative after 9/11, culminating in the December 2002 approval of security amendments to the International Convention for the Safety of Life at Sea (SOLAS) and an international Code for the Security of Ships and of Port Facilities, which greatly increases the security responsibilities of governments, ports, companies, and ships. These standards went into effect worldwide in 2004. Rapid and effective implementation of these standards will have significant benefits for the United States by enhancing the security of foreign vessels entering U.S. ports and by improving security of foreign ports visited by U.S. vessels. A U.S. voluntary contribution would support vital IMO technical assistance to countries to help them meet the new security standards. It would also help fund IMO evaluations of flag state adherence to IMO standards under an audit program currently being implemented to enhance adherence to safety and environmental, as well as security, standards.

- *United Nations Environment Program (UNEP) (\$9,524,000)*

UNEP is the world's largest international environmental organization, and it provides important value to the United States on two levels. First, UNEP is the primary policy forum at which the countries of the world meet to decide how to address critical emerging environmental threats. UNEP has launched a wide range of important negotiations, such as those dealing with depletion of the ozone layer, global warming, loss of biodiversity, the trade in hazardous wastes, and pollution from persistent organic pollutants and other toxic chemicals and pesticides. This type of international policy forum is absolutely essential for dealing with global environmental problems that a single country or region could not address unilaterally.

Second, UNEP sponsors a wide range of environmental programs, many of which are important for U.S. interests. For example, we strongly support UNEP's regional seas program, which helps address marine pollution and protects ecosystems around the globe, as well as its Division of Early Warning and Assessment, which identifies new global environmental problems. UNEP's Chemicals Unit has done a superb job in supporting work to develop new international agreements in this field to address emerging problems of concern to the United States such as mercury pollution. The Post Conflict Assessment Unit is playing a vital role in helping nations such as Afghanistan and Liberia address the environmental degradation resulting from conflicts. UNDP may extend that work to Sudan and Iraq, as appropriate. Other important UNEP programs include its support for the development of strong environmental laws and regulations in developing countries, its promotion of best available environmental technologies, and its work to identify the problems associated with air pollution in Asia (the Atmospheric Brown Cloud). UNEP has joined the United States as a major partner in the "White Water to Blue Water Partnership" integrated watershed management program, and has worked closely with the United States to provide NASA LANDSAT satellite data to African governments for monitoring land use and environmental change. UNEP is also actively engaged in Tsunami response. They are examining how the condition of coral reefs and mangroves affected the impact of the wave and are working with other reconstruction partners to bring an environmental perspective to the reconstruction effort. UNEP has just completed a strategic plan for capacity building, which broadly reflects U.S. efforts to increase UNEP's focus on building capacity in member states to address environmental challenges.

- *Montreal Protocol Multilateral Fund (\$21,500,000)*

The U.S. contribution to the Montreal Protocol would benefit U.S. national interests by protecting the health of American citizens, the world community, and the global environment. The agreement, the Montreal Protocol on Substances that Deplete the Ozone Layer, ratified by the United States in 1988, protects the ozone layer by setting forth measures to control the global emissions of substances, such as chlorofluorocarbons, that deplete it. These manufactured chemicals emitted into the atmosphere have led to the destruction of the stratospheric ozone layer, permitting dangerously high levels of ultraviolet (UV) light to reach the earth's surface. Increasing UV radiation has been linked to higher rates of skin cancer, cataracts, and immunosuppression in humans and other animals, as well as harmful alterations to global ecosystems. Since the inception of the Fund, over \$1,200,000,000 in assistance for agreed incremental costs has been provided in over 3,500 projects to more than 120 developing countries. When fully implemented, these projects will result in the permanent elimination of over 140,000 tons of ozone depleting substances. Obligations taken on by both developed and developing countries to the Protocol are expected to bring the ozone layer back to its pre-industrial state sometime around 2050.

Ozone depletion is a global problem, and the Montreal Protocol Multilateral Fund provides resources to developing country parties to the Protocol to support efforts to reverse the human-created damage to the ozone layer, as a result of emissions of ozone-depleting substances (ODSs). With the U.S. contribution, the Fund will help ensure that ODS phase-out schedules are met. To date, U.S. contributions have provided

significant opportunities for American industries to export technologies and consulting expertise. The U.S. is a leader in ozone protection technologies and has captured a significant portion of the economic opportunities created by Multilateral Fund projects.

- *International Conservation Programs (\$5,914,000)*

Many developing countries face the daunting challenge of improving their standard of living while at the same time preserving their natural resources. Illegal logging and related illegal trade and corruption in the forest sector, for example, are robbing governments of much needed revenue. U.S. contributions to international conservation programs help address these problems by providing the means, policy approaches, and technical expertise to assist developing countries in building their capacity to conserve and sustainably manage vital ecological and economic natural resources. In some cases, U.S. contributions leverage millions of dollars in project co-funding. In addition, these programs offer mechanisms for the exchange of information and new environmental technologies, which have provided valuable new market opportunities for U.S. expertise and technical know-how. These international programs include:

- The World Conservation Union (IUCN) is the foremost scientific forum for the advancement of U.S. conservation and sustainable development objectives and complements the international environmental priorities of U.S. agencies. IUCN technical and management expertise is helping advance emerging U.S. priority issues, such as addressing the ecological and economic damage caused by invasive species -- the single greatest cause of habitat destruction after land conversion. The IUCN has six commissions that draw on the knowledge base of 10,000 volunteer scientific experts worldwide. Its mission is to encourage and assist societies throughout the world through the provision of sound scientific and technical advice; to conserve the integrity and diversity of nature; and to ensure that the use of natural resources is ecologically sustainable. U.S. funding helps to shape IUCN's activities on U.S. priorities such as conserving tropical forests, coral reefs, endangered species, and combating invasive alien species.
- The International Tropical Timber Organization (ITTO) is the only international forum which brings together both producing and consuming countries of tropical timber to address all aspects of the tropical timber economy, including promotion of market transparency and sustainable management of the tropical forest resource base. Its 54 members represent 95 percent of world trade in tropical timber. The United States is one of the world's largest importers of tropical timber, and U.S. domestic and importing industries actively participate in ITTO. ITTO's recognition of the timber market's dependency on sustainable harvesting links U.S. trade interests with U.S. priorities for sustainable forest management, with the goal of ensuring a long-term supply of tropical wood from well-managed forests. Based on our experience, the annual U.S. contribution leverages six to ten times that amount in project co-financing from other major ITTO donors and is allocated for projects of high priority to the U.S.
- The Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES) is the only treaty that monitors and regulates the international trade in species that are determined by the 154 parties to be threatened with extinction within their natural range, such as elephants, rhinoceros and many crocodylia. CITES advances U.S. environmental goals of preserving global biodiversity and important wildlife and plant species while affording possibilities for their sustainable development. The United States is a founding member of CITES and has significant influence in the decision-making process.
- The Ramsar Convention on Wetlands of International Importance (RAMSAR) provides the only global framework for national action and international cooperation for the conservation and wise use of

wetland resources. In addition to information sharing and providing technical assistance to member states, the 135 parties to RAMSAR have designated, with the cooperation of host governments, over 1,000 sites for inclusion in RAMSAR. The U.S. contribution to RAMSAR helps to support the core budget of RAMSAR and funds a U.S.-initiated wetlands training and capacity building grants program for the Western Hemisphere. The U.S. maintains a decision-making role in the grants funded under this initiative.

- The U.S.-inspired United Nations Forum on Forests (UNFF) was established in 2000 as a subsidiary body of the Economic and Social Council (ECOSOC), with the mandate to facilitate sustainable forest management, raise the standards of other countries to U.S. levels, and enhance cooperation and coordination among the many international organizations and treaties related to forest issues. The United States was actively engaged in establishing the UNFF as a practical and results-oriented mechanism to facilitate and improve coordination and efficiency among major multilateral forest-related initiatives. The existence of the UNFF has also allowed the U.S. to stave off pressure to negotiate a new global forest treaty, which would require substantially more financial commitment and would adversely impact both U.S. environmental and economic goals.
- The United Nations Convention to Combat Desertification (UNCCD) is intended to address the fundamental causes of famine and food insecurity, especially in Africa, by stimulating more effective partnership among government representatives, local communities, and NGOs, encouraging the dissemination of information derived from new technology. The United States became a party in February 2001, which has provided an excellent opportunity to share extensive U.S. experiences and expertise in addressing desertification.
- The United States is one of 12 member countries of the Montreal Process Working Group on Criteria and Indicators for the Conservation and Sustainable Management of Temperate and Boreal Forests. The Montreal Process countries account for 60 percent of the world's forests and over 90 percent of the world's non-tropical forests, as well as 40 percent of world trade in forest products. Participation enables the United States to advance national interests by promoting sustainable forest management in the developing countries of the Montreal Process and advancing the use of internationally agreed criteria and indicators worldwide. U.S. industry and the 50 states are actively engaged in the Montreal Process.
- The goals of the National Forest Program Facility of FAO are to integrate sustainable forest management into broader national policies to promote sustainable livelihoods and to build consensus among stakeholders on how to address forest issues in the context of sustainable development. The Facility offers grants for selected activities emphasizing practical efforts, participatory processes, informed decision-making, and public-private partnerships. It is hosted by the FAO and financed via a Multi-donor Trust Fund managed by FAO. U.S. contributions to the Facility would finance activities of high priority to the United States, such as promoting good governance, improving forest law enforcement, and monitoring and assessing forest conditions.
- *Intergovernmental Panel on Climate Change (IPCC) / United Nations Framework Convention on Climate Change (UNFCCC) (\$5,320,000)*

The IPCC and UNFCCC are the premier international structures for scientific assessments of climate change and for multilateral cooperative efforts to address climate change. U.S. participation promotes international climate change cooperation that is science-based and consistent with U.S. environmental and economic interests.

The FY 2006 budget request for the IPCC and UNFCCC would be used to provide support to IPCC core activities and programs; the UNFCCC administrative budget for the 2006-07 biennium; voluntary contributions toward UNFCCC trust funds for developing country participation and for supplementary activities that advance U.S. interests; the Global Climate Observing System and the successor organization to the Group on Earth Observation for providing comprehensive observations for monitoring, modeling, and predicting climate variability and change; and voluntary contributions to help fund the Annex I Experts Group, an ad hoc group related to the UNFCCC that addresses implementation issues.

U.S. participation in and support for the UNFCCC helps advance specific Administration initiatives regarding technology transfer to and capacity-building in developing countries, as well as the enhancement of bilateral climate change cooperation. 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.

- *United Nations Educational, Scientific and Cultural Organization (UNESCO)/International Contributions for Scientific, Educational and Cultural Activities (ICSECA) (\$1,000,000)*

World Heritage Committee (WHC) - The FY 2006 request would provide for continued U.S. participation in the WHC. The U.S. contribution would be used to support technical assistance to countries for the protection and preservation of their world heritage sites and for emergency assistance to stabilize World Heritage sites and for related preservation purposes.

Intergovernmental Oceanographic Commission (IOC) - For the coordination of international ocean science programs of critical interest to the U.S., ICSECA funding would continue to support the unique mandate and role of the IOC, which the U.S. supported throughout the 18 years of absence from UNESCO. IOC programs support research to improve forecasts for the protection of life and property and also play a critical role in the President's Earth Observation Initiative. The IOC helps operate the Pacific Ocean tsunami early warning system and will play a central role in the development of a tsunami early warning system for the Indian Ocean.

Other UNESCO Voluntary Contributions - The FY 2006 request would help to rejuvenate UNESCO's work in the natural sciences and engineering fields. These are areas where the U.S. is a dominant force and where UNESCO can concretely contribute to bringing science, technology, and engineering know how to bear in solving practical problems impeding such goals as improving access to clean water and securing stable and renewable energy.

- *World Meteorological Organization (WMO) Voluntary Cooperation Program (\$1,900,000)*

Since its inception in 1967, the WMO's Voluntary Cooperation Program has provided training and equipment to help developing countries participate in WMO programs, particularly the World Weather Watch (WWW). WWW provides the framework to coordinate the exchange of weather data and information through observing, telecommunication, and processing centers operated by nations throughout the world. The result of the WWW programs is the 24-hours-per-day/7-days-a-week global exchange of vital atmospheric and oceanic data and products to give the United States and other nations the basic information needed to better forecast severe weather events; assist with critical information on natural and man-made disasters that affect life, safety, water use, and crop yields around the globe; support civil aviation; provide basic global data needs for industry and many U.S. agencies, including the Department of Defense; and monitor changes in the climate throughout the world.

- *United Nations Children's Fund (UNICEF) (\$114,000,000)*

UNICEF acts as the global champion for children and strives to ensure the survival and well being of children throughout the world. In this role it has well-developed capacities in the areas of humanitarian relief and long-term development. The success of UNICEF in addressing the needs of children and their caregivers impacts directly on many national interests of the United States including international security, health, education, economic prosperity, democracy and human rights, humanitarian response, and crime and drugs.

UNICEF is active in 158 countries, vaccinating children, providing them nutritional supplements and safe drinking water, catalyzing national governments to invest in the health and education of future generations and working directly with communities to give children the best start possible in life. UNICEF has focused on five organizational priorities; "immunization plus"; integrated early childhood development; girls' education; fighting HIV/AIDS; and protection of children from violence, exploitation, abuse and discrimination. UNICEF is an active partner with one or more U.S. government agency in each of these areas, and enjoys strong relationships on technical matters with USAID, Department of Health and Human Services Centers for Disease Control, Peace Corps, the Department of State and others.

In 2003 UNICEF assembled a coalition of donors, civil-society organizations and multilateral institutions to assess new opportunities in improving child survival and mobilize the resources necessary to do so. Other global efforts, such as the global Polio Eradication Initiative and the Roll-Back Malaria campaign also draw heavily on the field presence, technical expertise and logistical capabilities of UNICEF. Partnerships with UNICEF extend into diverse areas including mine education, protecting children affected by armed conflict, and addressing the issues around children orphaned by HIV/AIDS.

Within the UN system UNICEF is a lead agency in pioneering reforms like joint-programming and utilizing joint premises. UNICEF is also a leader in regard to partnerships with civil society and the private sector. Unique among UN agencies, UNICEF gets nearly one-third, or nearly \$500 million per year in private sector contributions. Through the use of "goodwill ambassadors" and donations-in-kind, UNICEF has demonstrated an ability to leverage these relationships in direct support of program activities. UNICEF has also made significant progress in moving to results-based management of its operations, and in coordinating effectively with other agencies, both in emergency situations and in long-term development efforts. In 2003, the UNICEF Executive Board, led by the United States, also addressed the system-wide problem of using "core" non-earmarked contributions to subsidize the infrastructure costs used in delivering earmarked contributions. This issue was addressed by revising the scale of assessments for earmarked contributions and developing a methodology that more fairly allocated administrative costs between earmarked and non-earmarked funds.

The reach and reputation of UNICEF make it an institution with a unique capability to convene and utilize events like the 2002 UN General Assembly Special Session on Children, which mobilize political and economic will for investing in future generations. Retaining the core funding of UNICEF enables an institution central to our interests, which reflects the humanitarian spirit of the American people, to go about its important work in partnership with the world.

- *United Nations Office for the Coordination of Humanitarian Affairs (OCHA) (\$600,000)*

The FY 2006 request includes a contribution to the OCHA to fund core-operating resources. The United States has relied on OCHA to an ever-greater degree to coordinate massive UN relief programs. Funding for core resources for OCHA would enable it to prepare for emergencies and to respond quickly when disasters -- man-made and natural -- occur. Under the leadership of the new Under Secretary-General,

OCHA is working to coordinate political and humanitarian efforts to assist hard-to-reach population groups, such as in Sudan, North Korea, Uganda, and Colombia.

- *UN International Democracy Fund (UNIDF) (\$10,000,000)*

The FY 2006 request would provide funding for the establishment of an International Democracy Fund to reside in the United Nations, as announced by the President at the United Nations General Assembly in September, 2004. The call for democracy comes from many quarters and several regions. Increasingly, the absence of democracy and its constituent components, are seen to detract from a path of progress. The challenge is to support the work of both governments and the private sector as they help countries develop democratic institutions. The UNIDF would be structured like other independent UN bodies and would provide analysis and technical assistance to nations transitioning to democratic systems of government. The UNIDF would assist nations in democracy training and building capacity for the establishment of democratic institutions.

The UNIDF would chiefly support democratic transitions and consolidation through training and advisory services, but also house experts in democracy promotion. Think tank work would occur at the headquarters with a lean, institute-like staff to work with transitional nations. Training courses would be given at headquarters and in the field, while technical assistance and advisory services would focus resources in the field.

UNIDF's mission would be to help focus, coordinate and strengthen the number of good programs in the UN on rule of law and democracy building, not duplicate them. The Fund would help mainstream democracy and rule of law in the UN system. It would also help to improve the UN's overall democracy-building programs by complementing the efforts of UNDP and UNESCO, as well as the UN democracy caucus. The UN has been called on to assist a number of member states in moving toward building democracies. For example, in Afghanistan and Iraq, the UN is assisting citizens in a wide range of activities which, when completed, will enable these countries to institute democracy reforms and encourage political participation. The UN already has the personnel within its larger institutional structure dedicated to providing help in establishing stability in post conflict situations.

Contributions to this fund will advance the U.S. goal of promoting democracy in the world.

International Organizations and Programs
(\$ in thousands)

	FY 2004 Actual	FY 2005 Estimate	FY 2006 Request
International Organizations			
Center for Human Settlements	746	149	-
IMO Maritime Security Programs	-	99	400
International Civil Aviation Organization	994	992	950
International Conservation Programs	6,362	6,349	5,914
International Contributions for Scientific, Educational, and Cultural Activities	1,889	837	1,000
International Panel on Climate Change/UN Framework Convention on Climate Change	5,567	5,952	5,320
Montreal Protocol Multilateral Fund	20,876	21,328	21,500
OAS Development Assistance Programs	5,468	4,861	5,225
OAS Fund for Strengthening Democracy	2,982	2,976	2,500
OAS Special Mission in Haiti	4,971	-	-
Reserve to be Allocated	-	24,800	-
UN Children's Fund	119,292	124,000	114,000
UN Development Fund for Women	994	1,984	950
UN Development Program	101,398	108,128	95,000
UN Environment Program	10,935	10,912	9,524
UN High Commissioner, Human Rights	2,484	-	-
UN International Democracy Fund (UNIDF)	-	-	10,000
UN Office for the Coordination of Humanitarian Affairs (UN OCHA)	-	-	600
UN Voluntary Fund for Technical Cooperation in the Field of Human Rights	1,491	1,488	1,425
UN Voluntary Fund for Victims of Torture	5,468	6,944	4,750
UNIFEM Trust Fund	-	992	-
World Meteorological Organization	1,988	1,984	1,900
World Trade Organization	994	992	950
Subtotal - International Organizations	294,899	325,767	281,908
Total	294,899	325,767	281,908

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II. REQUEST BY REGION

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

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AFRICA

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Angola
(\$ in thousands)

Account	FY 2004 Actual	FY 2005 Estimate	FY 2006 Request
CSH	8,100	7,586	6,800
DA	6,171	4,740	4,544
ESF	3,479	2,976	3,000
IMET	300	300	400
NADR-HD	5,300	5,907	6,000
P.L. 480 Title II	68,395	33,252	10,000

The United States has strategic and humanitarian interests in ensuring that Angola makes a successful transition from postwar recovery to an economically strong and democratic nation. U.S. assistance policies and programs support Angola's progress toward stable multi-party democracy, sound governance based on free-market principles, and citizens that are healthier, more productive, and increasingly prosperous. A democratic and economically dynamic Angola will have a major positive impact on the continent, and can contribute to the international fight against terrorists, drug traffickers, and organized crime. Already a significant U.S. energy supplier, Angola is expected to double oil production to two million barrels per day by 2008. Significant and growing U.S. investment in Angola's energy sector calls for economic and political stability. During its tenure on the UN Security Council, Angola was supportive of U.S. efforts in Iraq. With one of Africa's largest and most experienced militaries, Angola can potentially contribute to international peacekeeping efforts.

The humanitarian emergency caused by 27 years of civil war has eased, but international assistance will remain essential for several more years. As efforts to mitigate immediate suffering of Angola's people are successfully completed, U.S. assistance aims to help ensure that national elections in 2006 are free and fair, and that the Angolan government improves its management of the economy, moves toward a free-market system, and takes major steps to enhance transparency, anti-corruption efforts, and adherence to the rule of law. Equally essential to the country's recovery and growth will be a healthy population; the United States will help fight against HIV/AIDS, infectious disease, and malaria. As Angola's transition advances, U.S. assistance will increasingly emphasize economic growth, health, and the judicial system.

FY 2006 Child Survival and Health (CSH) funds will support maternal and child health (MCH) and HIV/AIDS programs to reduce morbidity and mortality among target populations. The MCH component supports activities to monitor and eradicate polio, protect children and pregnant women from malaria, and build the capacity of Angola's Ministry of Health (MOH) to provide MCH services. The HIV/AIDS component aims to decrease the incidence of HIV/AIDS through promotion of activities such as behavioral change, counseling, social marketing of condoms, and voluntary testing for HIV/AIDS.

FY 2006 Development Assistance (DA) will strengthen the financial sector's contribution to economic growth. The United States will continue to fund activities that improve transparency and banking services, and will strengthen the banking sector's operational capacity to offer financial services to entrepreneurs. We will also strive to increase agricultural productivity through activities to promote linkages between farmers and input suppliers, strengthen credit facilitation mechanisms, and promote the evolution of farmers' associations into agriculture cooperatives. These programs will allow Angolans to feed themselves, revitalizing rural economies and improving the food security of subsistence farmers.

The end of the civil war offers a window of opportunity to introduce multi-party democratic reforms in Angola. Through technical assistance and training, the United States will continue strengthening the capacity of selected civil society organizations (CSOs) to lobby and engage government institutions. We will also continue training traditional leaders, local government officials, community groups, provincial-level journalists, churches, women, and youth to identify reconciliation issues and needs and to develop and implement corresponding community development plans.

FY 2006 Economic Support Funds (ESF) will be used to help solidify the peace, advance the development of an independent judiciary, strengthen the legislature, and encourage an active civil society. Angola still struggles with the peaceful resettlement of Angolans displaced by war, so ESF will support resettlement projects. Funding will be used to further support Angola's democratic transition through additional training for non-governmental organizations (NGOs) and CSOs, political party development, efforts to strengthen independent media, and technical assistance to the electoral process. ESF resources will also support economic reforms that lessen corruption, promote macro-economic stability, and support private sector-led growth, bolstering Angola's efforts to remain eligible for benefits under the African Growth and Opportunity Act.

Angola is one of the world's most heavily mine-affected countries. Lack of access to vulnerable populations and to arable land due to landmines continues to be one of the greatest problems facing the Angolan people, limiting the movement of humanitarian and development agencies and denying rural populations the opportunity to end their dependence on assistance. Landmine and unexploded ordinance removal saves lives and promotes economic development. U.S. assistance has helped Angola train and equip deminers to clear land for the return and reintegration of its four million former refugees and internally displaced persons (IDPs). FY 2006 Non-Proliferation, Anti-terrorism, Demining, and Related Programs - Humanitarian Demining (NADR-HD) funds will be used to support continued NGO demining efforts and assist the Government of Angola in building a national humanitarian demining capability within the military.

Funding for the International Military Education and Training (IMET) program in FY 2006 will advance initiatives to raise Angolan military awareness of democracy, human rights, the rule of law, and effective civil-military relations. Training will also support maritime security efforts, and will provide English language courses to improve the Angolan military's ability to interact with U.S. officials. IMET will be used to provide Professional Military Education training -- e.g., Command and Staff College -- to field grade officers. Angola has been identified as a possible candidate for the African Contingency Operations Training and Assistance (ACOTA) Program, which will help prepare the military to respond to crises, engage in peacekeeping operations, and perform civic action.

Angola will be eligible in FY 2006 to receive Excess Defense Articles (EDA) on a grant basis under Section 516 of the Foreign Assistance Act. Transfer of grant EDA to Angola will be used to help Angola protect and patrol its territorial waters and integrate its efforts into regional coastal security programs.

Benin
(\$ in thousands)

Account	FY 2004 Actual	FY 2005 Estimate	FY 2006 Request
CSH	7,550	7,750	7,250
DA	8,209	6,602	7,077
IMET	-	250	50
P.L. 480 Title II	4,701	2,668	3,067
Peace Corps	2,622	3,266	3,544

The primary U.S. interests in Benin are economic growth and development, social and environmental welfare, and global health. The strategy for addressing these interests is to support economic reform and growth, strengthen education and civil society, and improve maternal and childhood health. While small, Benin plays an outsized role as an example both of a functional democracy and an increasingly free-market economy in a region struggling to make permanent progress in these important areas of U.S. interest. It should also be commended for its active participation in peacekeeping operations in the region, and its willingness to participate in them worldwide. Benin's economy has been pressured during the past year, suffering a combination of external border actions by neighboring Nigeria and troubles with unions as various parastatals move through the privatization process. Benin has, however, qualified to compete for Millennium Challenge Account funding in both FY 2004 and FY 2005.

In FY 2006, Development Assistance (DA) will focus on building the institutional capacity of Benin's civil society. Child Survival and Health (CSH) funding will support governmental and non-governmental health institutions, HIV/AIDS prevention and family planning strategies, as well as improve school attendance and enhance child health care. Education funding promotes teacher training programs, the publication of textbooks, community participation in school management, enrollment of girls, and technical support for the Ministry of Education.

DA from the West Africa Regional Program (WARP) will help implement a comprehensive program to confront the pervasive problem of Trafficking in Persons. Professional traffickers operating in Benin send children to work in cocoa plantations in Cote d'Ivoire and Ghana, in rock quarries in Nigeria, and to work as domestic servants in Cotonou and Gabon. These traffickers often abuse the traditional practice of *vidomegon*, which involves the placing of less fortunate children in the homes of more fortunate relatives for education and welfare. In 2002, regional INCLE funds helped begin the process of building a repatriation center designed to assist children and other trafficked persons returning from neighboring countries. The Government of Benin has begun to reform inadequate laws and educate rural parents with the assistance of DA. The special Brigade for the Protection of Minors has also started keeping statistics of traffickers caught, tried, and convicted. The statistics already show improvement over last year.

In FY 2006, International Military Education and Training (IMET) will reinforce civilian control of Benin's military and help develop a professional, non-political and well-trained military force contributing to Benin's stability and regional peacekeeping capacity. IMET courses will continue to focus on command and Staff College, civil-military relations, English language training, and technical specialty training. IMET training as well as the Peacekeeping Operations (PKO)-funded regional African Contingency Operations Training and Assistance (ACOTA) program was instrumental in Benin's ability to support peacekeeping operations in Cote d'Ivoire, Liberia, and soon the Democratic Republic of Congo. Benin will be eligible for Excess Defense Articles (EDA) on a grant basis under Section 516 of the Foreign Assistance Act. EDA would support Benin's participation in regional peacekeeping activities. Benin also hopes to be an active participant in the Gulf of Guinea Initiative of the U.S. Navy's Maritime Partnership Program.

Benin is eligible for trade benefits under the African Growth and Opportunity Act. Although it is certified to export apparel to the United States market duty-free under the Act's apparel provision, Benin is still working to start exporting textiles to the United States. Benin also benefits from the Highly Indebted Poor Countries Initiative and receives substantial debt reduction and stabilization assistance from multilateral lending institutions.

Botswana
(\$ in thousands)

Account	FY 2004 Actual	FY 2005 Estimate	FY 2006 Request
FMF	500	496	500
GHAI	8,806	27,543	40,505
IMET	922	700	700
Peace Corps	1,430	1,747	2,006

The primary U.S. national interests in Botswana are global/humanitarian issues and trade/investment. Botswana is well recognized for taking action to confront the HIV/AIDS epidemic. As a member of the Southern African Development Community and as an exemplary market-oriented democracy, Botswana advances regional stability and supports U. S. goals in Southern Africa. It has assisted the United States in fighting terrorism, particularly terrorism financing, and is a signatory to all 12 UN anti-terrorism conventions. Botswana cooperates with U.S. law enforcement agencies and hosts the only International Law Enforcement Academy in Africa.

U.S. efforts in Botswana focus on expanding U.S. business opportunities, developing local capability to combat the HIV/AIDS epidemic, and encouraging active leadership in the region. Botswana has an important role to play in regional security and conflict resolution matters. As a signatory to Article 98, Botswana will continue to receive assistance to help foster professionalism in its military.

Botswana is prosperous, especially in comparison to many of its neighbors because it has used its natural resources (diamonds) to develop the country. It “graduated” from bilateral Development Assistance (DA) programs in 1995. The income gap is wide, however, and at least 30 percent of the population lives below the poverty line. Moreover, the HIV/AIDS pandemic threatens to undo many of the nation’s social and economic gains. U.S. goals in the areas of democracy, economic development, and global issues such as HIV/AIDS and the environment are generally supported by a variety of regional funding programs. Botswana qualified for textile/apparel preferences under the African Growth and Opportunity Act (AGOA) in August 2001 and, in 2003, exported about \$6.3 million in apparel to the United States. Botswana’s AGOA exports in the first nine months of 2004 totaled \$15.5 million.

Botswana is a focus country of the President's Emergency Plan for AIDS Relief (Emergency Plan). In FY 2006, increased Global HIV/AIDS Initiative (GHAI) funding will be provided to expand comprehensive and integrated prevention, care and treatment programs, which are further described in Section I under the heading Global HIV/AIDS Initiative.

Botswana has one of the region's most professional and responsible military establishments and offers a model for civilian-military relations for the rest of the continent. Botswana has provided a venue for regional military exchanges that have fostered a spirit of regional cooperation. Through the International Military Education and Training (IMET) program the United States seeks to expand connections with Botswana's military leaders and support their interest in strengthening both regional civil-military and military-to-military relations, as well as improve their capacity to participate meaningfully in peacekeeping operations. The FY 2006 IMET program will continue to train Botswana Defense Force (BDF) officers.

Botswana will continue to receive Foreign Military Financing (FMF) in FY 2006. These funds will be used for C-130 parts and maintenance, allowing the BDF to more rapidly deploy troops for both peacekeeping and disaster relief. In addition, funds will provide equipment, including spare parts, communications equipment, and individual gear and training to assist the BDF in establishing a counter-terrorist and/or rapid

response unit. Botswana will be eligible in FY 2006 to receive Excess Defense Articles (EDA) on a grant basis under Section 516 of the Foreign Assistance Act. Grant EDA will primarily support Botswana's peacekeeping activities.

Burkina Faso

(\$ in thousands)

Account	FY 2004 Actual	FY 2005 Estimate	FY 2006 Request
IMET	115	100	110
P.L. 480 Title II	8,812	13,337	14,646
Peace Corps	2,719	3,055	3,429

The primary U.S. national interest in Burkina Faso is to see that the Government of Burkina Faso (GOBF) contributes to regional stability, an area where the GOBF has improved its policies and played a constructive role over the past few years. Other interests include: promoting democracy, responding to humanitarian crises, establishing respect for human rights, speeding economic development, combating child labor, reducing poverty, and eradicating disease, including HIV/AIDS.

Burkina Faso continues to be among the poorest of African countries. The economy is dominated by subsistence agriculture. This emphasizes how the country balances on a climatic knife's edge as the cycles of drought and desertification have severely affected agricultural activities, population distribution and economic development. In FY 2004 - FY 2005, locust invasions caused marked crop damage in parts of the country. Only 13 percent of the land is arable and the already-poor soil is degraded by overgrazing, depletion of nutrients, and deforestation.

The Government of Burkina Faso has ratified all of the 12 international anti-terrorism conventions, making Burkina Faso one of the few countries that has met the UN's call for speedy ratification of these conventions after the tragedies of September 11, 2001.

The United States continues to support economic development and democracy through a variety of targeted resources. In FY 2005, Burkina was granted access to the benefits of the African Growth and Opportunity Act and is working through its new threshold status under the Millennium Challenge Account. The largest Ambassador's Self-Help Program in Africa provides grass-roots assistance in the building of schools, clinics, and water supplies; regional funds from USAID help combat the spread of HIV/AIDS; grants from the Democracy and Human Rights Fund in FY 2006 will continue to support distribution of materials in local languages on democracy, human rights, and rights under Burkinabe law. In FY 2004 and FY 2005 Burkina Faso showed positive steps towards supporting regional stability. In order to support these initiatives, FY 2006 International Military Education and Training (IMET) funds will provide opportunities for increased understanding and defense cooperation between the military forces of the United States and Burkina Faso. IMET funding is intended to establish English language labs and training. In addition, funding will focus on civilian control of the military, respect for human rights, the role of the military in a democracy and military justice.

Burkina Faso is a member of the African Union (AU) and the Economic Community of West African States (ECOWAS), and was the fifth country in the Heavily Indebted Poor Countries Debt Reduction Initiative to reach its completion point and receive maximum debt forgiveness.

Burundi
(\$ in thousands)

Account	FY 2004 Actual	FY 2005 Estimate	FY 2006 Request
CSH	700	800	700
DA	2,270	2,118	1,543
ESF	3,479	3,224	3,850
IMET	-	50	50
NADR-SALW	-	200	-
P.L. 480 Title II	19,881	7,923	-

The primary U.S. national interests in Burundi are safeguarding U.S. citizens and their interests; promoting peace, economic development, democratic governance, and observance of human rights; alleviating conflict-based human suffering; and preventing the outbreak of widespread communally-based violence.

The Burundi peace process has made major progress over the last year, but significant obstacles still remain. Building on the Arusha Peace Accord of August 2000, two political integration agreements in October and November 2003 brought the largest remaining rebel group into a transition government. The result has been the effective cessation of hostilities in over 90 percent of the country. Local and national democratic elections are scheduled for early 2005, including the first presidential election since 1993 when Burundi's civil war began. Successful elections would complete the transition as set forth under the Arusha Accord, and would further consolidate the peace process. The result would be a stable climate for Burundi's freely elected government to pursue sustainable and broad-based economic development, and begin to address the country's daunting social and humanitarian problems, including among other things its growing epidemic of HIV/AIDS, and the reintegration of substantial numbers of ex-combatants, child soldiers, refugees, and Internally Displaced Persons (IDPs).

The United States' diplomatic and financial support for the Burundi peace process has played a key role in securing its progress. In prior years, the United States has provided Economic Support Funds (ESF) under regional programs to support the peace negotiations in Tanzania, to aid conflict resolution throughout the country, and to augment the Implementation Monitoring Committee that oversees the implementation of the peace agreement. The United States has also supported the United Nations peacekeeping operation in Burundi (UNOB), which is made up of 5,650 troops from South Africa, Ethiopia, Mozambique and Pakistan. The UN mission helps to administer disarmament, demobilization and reintegration programs, and secure the peace.

FY 2006 assistance goals will focus on consolidating an enduring and equitable peace in Burundi. This will enhance regional stability, support the development of effective government and a market-oriented economy, promote human rights, and help prevent a humanitarian catastrophe. ESF will help promote the resettlement and reintegration of displaced persons and returnees, and support conflict mitigation projects and programs to promote democracy, good governance, the rule of law, and human rights. Specifically, ESF will support the peace process, confidence-building measures that lessen the likelihood of conflict, and programs that strengthen procedures and institutions, such as the administration of justice, the national parliament, and civil society. ESF funds will also be used to put into place the economic policies and programs necessary to stimulate broad-based and sustainable growth. FY 2006 Child Survival and Health (CSH) funds will be used to expand the availability of basic social services and an integrated disease surveillance and response capability, focused on tuberculosis and malaria. CSH will also support polio immunization, prevention of infectious disease and HIV/AIDS, and community-based care programs. In FY 2006 regional Migration and Refugee Assistance (MRA) funds will support activities of the UN High

Commissioner for Refugees (UNHCR) and other international and non-governmental organizations in supporting refugees outside Burundi, and in preparing communities for the reintegration of refugee returnees. Development Assistance (DA) funding in FY 2006 will expand opportunities for productive livelihoods in Burundi through increased access to agricultural inputs, the promotion of agro-enterprise and training on improved farming practices. In addition, DA resources will continue to support efforts to encourage accountable and transparent governance.

One component of the Burundi peace agreement requires the formation of a new, ethnically balanced military. As political and security conditions continue to evolve, particularly once elections occur and coup sanctions have been lifted, the United States will assist the military in its integration and reform efforts. FY 2006 International Military Education and Training (IMET) program funds will possibly be used to provide high-level military personnel orientation tours of U.S. military training institutions and access to courses covering civil-military relations, human rights, military justice, and the management of defense resources. Following free and fair elections, Burundi will be eligible in FY 2006 to receive Excess Defense Articles (EDA) on a grant basis under Section 516 of the Foreign Assistance Act. EDA grants will be used to reform Burundi's military. The human rights records of current military personnel as well as former rebels integrating into the new armed forces are poor. Any potential military assistance to Burundi will be aimed at instilling a new culture of respect for human rights and subordination to civilian control.

The President determined that Burundi was not eligible to receive trade benefits under the African Growth and Opportunity Act (AGOA) in 2005.

Cameroon
(\$ in thousands)

Account	FY 2004 Actual	FY 2005 Estimate	FY 2006 Request
IMET	361	225	250
Peace Corps	3,142	2,990	2,828

The primary U. S. national interests in Cameroon are promoting democracy, good governance, respect for human rights, and economic development. Though Cameroon has the largest and most diverse economy in the Central African sub-region, its democratic institutions are weak, corruption remains a real problem, and human rights abuses by Cameroon's police and gendarmes forces are a concern. Cameroon's strategic location and improving port facilities make it ideal as a base for regional programs.

Cameroon will receive funds to deal with HIV/AIDS through the Ambassadors' Fund Program implemented by USAID. This program provides grants to non-governmental organizations (NGOs) that work to prevent mother-to-child transmission of HIV/AIDS as well as to provide voluntary counseling and testing.

Cameroon is eligible to receive trade benefits under the African Growth and Opportunity Act. Cameroon is also defined as a Heavily Indebted Poor Country (HIPC), but it must re-engage with the International Monetary Fund (IMF) before it is eligible to receive debt relief under the enhanced HIPC initiative.

International Military Education and Training (IMET) funds for FY 2006 will be used for professional military development courses stressing resource management, civilian-military relations, officer professionalism, and English language proficiency. The IMET program promotes positive military-to-military relationships between Cameroon and the United States.

Cameroon will also be eligible in FY 2006 to receive Excess Defense Articles (EDA) on a grant basis under Section 516 of the Foreign Assistance Act. EDA material will support Cameroon's internal security, counter-narcotic activities, peacekeeping deployments, and military professionalization and modernization efforts.

Cape Verde

(\$ in thousands)

Account	FY 2004 Actual	FY 2005 Estimate	FY 2006 Request
IMET	200	120	120
P.L. 480 Title II	4,362	4,154	4,189
Peace Corps	1,519	1,665	1,743

Cape Verde is a model of stability and democracy in a region of instability. Supporting democracy and improving food security in this arid island nation are the principal U.S. national interests. Cape Verde has been an enthusiastic supporter of the war against terrorism; it has delivered full cooperation and adopted anti-money-laundering measures at our suggestion. With almost 40 percent of its citizens living in the United States and a significant number of U.S. citizens resident on the islands, protection of American citizens' welfare is another important interest.

The Peace Corps is active on all of Cape Verde's inhabited islands. Volunteers are involved in projects ranging from English language teaching and education to urban planning and assisting local governments to enter the Information Age. The services they provide are essential to the viability of some of Cape Verde's most important efforts to improve its standards of living and productivity.

After 27 years of independence, Cape Verde remains free of internal and external conflict, and its military consistently plays a constructive role in civil society. FY 2006 International Military Education and Training (IMET) funds will support officer development training programs, a low-cost investment to help ensure the continued professionalism and English language capabilities of Cape Verde's military under civilian, democratic leadership. In addition, IMET will support the establishment of a professional military police unit.

Cape Verde will be eligible in FY 2006 to receive Excess Defense Articles (EDA) on a grant basis under Section 516 of the Foreign Assistance Act. Cape Verde is interested in EDA transfers and other U.S. assistance to enhance its ability to protect its fisheries, to combat drug smuggling, and to develop a rapid reaction anti-terrorism force for the international airport (which carries direct flights to the United States). Cape Verde remains eligible for trade benefits under the African Growth and Opportunity Act (AGOA) and is eligible for Millennium Challenge Account (MCA) funding from the FY 2004 appropriation. Taking further advantage of these opportunities will boost economic growth and provide employment. Cape Verde has received substantial reductions in debt payments and associated stabilization assistance from multilateral lending institutions through the Heavily Indebted Poor Countries (HIPC) Initiative. The United States also is assisting Cape Verde's efforts to accede promptly to the World Trade Organization. We will use modest Africa Regional Economic Support Funds to help Cape Verde implement World Bank recommendations on eliminating administrative barriers with local municipalities and promoting e-governance.

Central African Republic

(\$ in thousands)

Account	FY 2004 Actual	FY 2005 Estimate	FY 2006 Request
IMET	-	50	50
P.L. 480 Title II	996	-	-

Key U.S. interests in the Central African Republic (CAR) are the restoration of democracy, economic development, conservation of natural resources and humanitarian assistance. U.S. goals include the holding of free and fair elections and economic, political, and military reforms to promote democratic governance, including respect for human rights, and to prevent further instability in the CAR, which is undermining regional stability and encouraging military incursions.

For several years the CAR has suffered from political instability and coup attempts, culminating in General Bozize seizing power in March 2003 from democratically elected President Patasse. General Bozize appointed himself President, suspended the Constitution, and dissolved the National Assembly. He appointed a consultative National Transition Council, including political parties and civil society groups, to prepare for new elections in February 2005. Following a nearly two-year hiatus in resident American diplomatic presence in the country, normal operations will resume in January 2005 with the arrival of a charge d'affaires in Bangui.

Coup-related military and rebel actions have resulted in disruption of the economy, destruction of property, and a large out-flow of refugees into neighboring countries. Progress has been made in restoring order in the capital and reinstating a functioning government. However, civil unrest in response to the poor economic situation, the vulnerability of the CAR to interference from other countries, and other economic disruption resulting from the conflict continue to hinder the country's recovery. Moreover, the government has occasionally responded to continuing budgetary woes and resulting labor unrest by using its security forces to crack down on the country's free press, labor unions, and opposition party leaders, leading to human rights abuses.

CAR is defined as a Heavily Indebted Poor Country (HIPC), but it must re-engage with the International Monetary Fund (IMF) and establish a track record of good performance under a disbursing IMF program before it is eligible to receive debt relief from Paris Club creditors, including the United States, under the enhanced HIPC initiative.

The CAR receives Africa Regional ESF resources to promote democratic elections and public participation in democratic processes, and to support biodiversity conservation through the Central African Regional Program for the Environment. We envision similar programs for FY 2006. The CAR is currently not eligible to receive trade benefits under the African Growth and Opportunity Act (AGOA).

In FY 2006, International Military Education and Training (IMET) programs will help promote basic democratic values and respect for human rights in the CAR's armed forces. IMET programs would include English language training, professional military education and training on civil/military relations, and military justice. The CAR will be eligible to receive FY 2006 Excess Defense Articles (EDA) on a grant basis under Section 516 of the Foreign Assistance Act. Excess equipment will be used to help CAR meet basic troop support equipment needs, improve communications and enhance mobility.

Chad
(\$ in thousands)

Account	FY 2004 Actual	FY 2005 Estimate	FY 2006 Request
IMET	574	245	250
NADR-HD	950	1,000	3,000
P.L. 480 Title II	18,103	15,541	2,397
Peace Corps	1,569	1,709	1,909

U.S. interests in Chad are counter-terrorism, economic prosperity and security, environmental protection and mutual understanding, promotion of democracy, good governance and respect for human rights. Significant U.S. investment in the petroleum sector is being leveraged to promote economic prosperity and appropriate governance strategies.

Occupying a strategic position, Chad is vulnerable to its neighbors Libya and Sudan. U.S. assistance provides a counter-balance by promoting a stable and democratic society. Democratic institutions are developing slowly. Chad is pursuing political reconciliation with former rebel groups and exiled opposition political leaders. Chad hosts over 200,000 refugees from the Darfur region of Sudan. It has played a key role in the international effort to meet their security and humanitarian needs and serves as mediator in peace negotiations between rebel factions and the Sudanese government. A U.S. majority-owned consortium's investment of some \$4 billion in petroleum development in southern Chad and the related Chad-Cameroon pipeline project is among the largest infrastructure projects in Sub-Saharan Africa. Additional U.S. interest arises from the Export-Import Bank's support for the project and international financial institutions' interest in assuring transparency in the allocation of oil revenues and their use to benefit local communities and protect the environment through poverty alleviation programs and project-related environmental safeguards.

Chad is eligible to receive trade benefits under the African Growth and Opportunity Act. Economic Support Funds (ESF) provided in prior years through the Africa Regional Fund and the Education for Development and Democracy Initiative supported commercial law training, educational programs for girls and reforestation.

Respect for human rights and appropriate civil/military relations will be supported through FY 2006 International Military Education and Training (IMET) programs for courses on civil-military relations, military justice, and human rights issues. The IMET program enables U.S. trainers to build important military-to-military contacts that help combat anti-U.S. influences in Chad, encourage an apolitical role based on the rule of law within the Chadian military, and serve as a basis for future counter-terrorism and regional peacekeeping efforts. Chad is a participant in the Pan-Sahel Initiative, which assists Chad along with Mali, Niger and Mauritania to protect their borders, thus supporting the U.S. national security interests of waging war on terrorism and enhancing regional peace and security.

Chad is eligible to receive FY 2006 Excess Defense Articles (EDA) on a grant basis under Section 516 of the Foreign Assistance Act. Grant EDA will be used to help Chad secure its borders through improved communication, mobility for its troops and troop support equipment.

FY 2006 Nonproliferation, Anti-terrorism, Demining, and Related Programs (NADR) funds will enable Chad to continue humanitarian demining operations that eliminate injuries and loss of life, restore land to productive use, and permit improvement of regional infrastructure, thereby advancing opportunities for economic development.

Comoros
(\$ in thousands)

Account	FY 2004 Actual	FY 2005 Estimate	FY 2006 Request
IMET	121	80	100

The primary U.S. national interests in the Union of Comoros are promoting democracy and strengthening our counter-terrorism cooperation. Comoros has been plagued by political instability and civil strife through numerous coups and secession attempts since independence from France in 1975. In early 2001, with the assistance of the Organization of African Unity, disputing factions crafted a framework agreement that called for a new constitution based on a confederation arrangement. In a December 2001 referendum, the electorate voted overwhelmingly in favor of the new constitution. The leader of the 1999 bloodless coup, Azali Assoumani, won the national presidential election in April 2002 in flawed but fair elections. President Azali signed a power-sharing agreement with the three island presidents in December 2003 that initiated a plan to settle power sharing disputes and should reduce the instability among the islands. In March and April 2004, a National Assembly was elected in elections international observers deemed free and fair. In October 2004, the National Assembly began working on legislation outlining the power sharing arrangements between Azali and the island presidents. A newly formed Constitutional Court challenged the constitutionality of the law in December 2004, and in January, President Azali called for a special session of the National Assembly to continue working on the bill. Resolution of political instability and cooperation in counter-terrorism activities in the Union of Comoros are the foundation on which we will build to advance other U.S. interests in the Comoros.

The Comoros is a Muslim country with historic trade ties to the Middle East that condemned the September 11, 2001 terrorist attacks on the United States. Comoros-born Fazul Abdullah Mohammed, also known as Harun Fazul, has been indicted in U.S. court for his alleged involvement in the 1998 bombings of the United States Embassies in Dar es Salaam, Tanzania, and Nairobi, Kenya. After several months of discussions with the American Ambassador, President Azali decided to close the offices of Saudi NGO Al-Haramain's offices in Comoros in August 2004. On September 9, the Department of Treasury's Office of Foreign Assets Control designated the Comoros-based branch of Al-Haramain as a terrorist finance organization. On September 28, the United Nations Security Council followed suit. The closure of this organization's operations in Comoros has left a significant aid gap in that country. Proposed Africa Regional Fund ESF projects will target economic development programs. The USG is also establishing an "American Corner" in the University of Comoros library to give young Comorians better access to American culture and values.

Re-educating military factions that have grown accustomed to participating in recurring cycles of armed insurrection is one of the greatest challenges in the Comoros. FY 2006 International Military Education and Training (IMET) programs will help build a professional military that respects civilian rule. These courses include professional military education and training on civil-military relations, military justice and defense resources management. IMET training courses also will contribute to the maintenance of bilateral military-to-military relations in a predominantly Muslim country in which the United States has no resident diplomatic presence. Comoros is eligible to receive Excess Defense Articles (EDA) on a grant basis in FY2006 under Section 516 of the Foreign Assistance Act (FAA). EDA may be used to help improve communications, mobility, and coastal security measures.

Cote d'Ivoire

(\$ in thousands)

Account	FY 2004 Actual	FY 2005 Estimate	FY 2006 Request
GHAI	7,523	20,912	29,906
IMET	-	-	50
P.L. 480 Title II	7,632	-	-

The primary U.S. national interest in Cote d'Ivoire is regional and national stability. To that end, the principal goals are the restoration of peace, the return of civilian rule to areas occupied by rebel forces since September 2002, and the reunification of the country, which has been divided between the government-held south and rebel-held north for over two years. These goals suffered a serious setback in early November 2004, when the Ivoirian government initiated a series of air strikes against rebel-held cities in the North. The situation in Côte d'Ivoire has implications for regional stability as well as terrorism in West Africa. The involvement of ethnic nationals of neighboring countries and concerns for their safety has the potential to involve the entire region in the ongoing strife. Persistent reports of foreign involvement in the fighting contribute to the potential for the conflict to pull in neighboring countries. Following settlement of these issues, ongoing goals are strengthening democracy, restoring economic growth, dealing with refugees and internally displaced persons (IDPs) resulting from regional instability, and combating the spread of HIV/AIDS and child trafficking. The United States will also selectively seek to more actively engage Côte d'Ivoire in the war on terrorism. Until September 2002, Côte d'Ivoire was West Africa's hub for aviation and banking, but now control of its borders is limited and oversight of its financial institutions is weak. Abidjan is host to a large community of overseas Lebanese, some of whom support organizations with terrorist links, including Hizballah.

FY 2006 International Military and Education Training (IMET) funds will be used to assist Cote d'Ivoire's transition to a more stable democracy and focus on human rights, defense resources management, military justice, and civil-military relations. Côte d'Ivoire will be eligible in FY 2006 for Excess Defense Articles (EDA) on a grant basis under Section 516 of the Foreign Assistance Act. Transfer of grant EDA will be used to support the country's efforts to secure its borders and to provide a tangible indication of our cooperative relationship.

USAID has not had a bilateral presence in Côte d'Ivoire for many years because Cote d'Ivoire has a much higher average GDP than most African countries. Several regional programs (including ones to combat trafficking in persons and HIV/AIDS), as well as assistance to internally displaced persons and refugees, were active and will continue through non-governmental organizations in FY 2006.

Cote d'Ivoire is a focus country of the President's Emergency Plan for AIDS Relief (Emergency Plan). In FY 2006, increased Global HIV/AIDS Initiative (GHAI) funding will be provided to expand comprehensive and integrated prevention, care and treatment programs that are further described in Section I under the heading Global HIV/AIDS Initiative.

In December 2004, President Bush determined that Côte d'Ivoire was no longer eligible to continue receiving benefits under the African Growth and Opportunity Act (AGOA). Côte d'Ivoire had initially qualified in 2002 and was again certified as eligible in FY 2004. However, by late 2004 it was decided that the government of Côte d'Ivoire had made insufficient progress in a number of long-standing trade and investment issues, and that the November 2004 ceasefire violation had seriously undermined any possibility of meeting the AGOA eligibility criteria.

Cote d'Ivoire is defined as a Heavily Indebted Poor Country (HIPC), but it must re-engage with the IMF before it is eligible to receive debt relief under the enhanced Heavily Indebted Poor Countries initiative.

Democratic Republic of Congo

(\$ in thousands)

Account	FY 2004 Actual	FY 2005 Estimate	FY 2006 Request
CSH	22,404	24,765	20,950
DA	12,699	8,152	7,427
ESF	4,971	4,960	5,000
IMET	332	157	150
P.L. 480 Title II	30,813	1,863	8,000

Consolidating peace, democratic reform and human rights (particularly those of women and other vulnerable groups) are the most significant U.S. interests in the Democratic Republic of Congo (DRC). Ending the humanitarian crisis, protecting American citizens, economic development and advancing global issues, including health and environmental protection, are issues that will be addressed in pursuit of these interests. The installation of a transitional government in June 2003 and its focus on holding democratic elections in 2005, security sector reform, and a large disarmament, demobilization, and reintegration program have signaled a significant change for the DRC and the Great Lakes region as a whole. Complete and effective government control over all DRC territory, particularly the east, is still to be achieved and remains a key objective of the transition process. As stability and peace returns to the DRC and the Great Lakes region in general, political and economic reform will increasingly become a focus, and will serve to attract additional U.S. investment in the DRC.

The United States worked with the international community to pursue a negotiated end to the war and a transition to democratic rule in the DRC. In 2003, the last foreign troops, including from Rwanda and Uganda, formally withdrew from Congolese territory. In September 2004, the UN Security Council reauthorized for six months the UN peacekeeping operation in the DRC, with an increased troop ceiling of 16,700. A transitional government, which included representatives from all the 1999 Lusaka Agreement signatory parties, as well as the political opposition and civil society, was sworn in July 2003. Outstanding issues including military integration, demobilization and reintegration, a post-transition constitution and elections scheduled for 2005, are being addressed. With peace and security, hundreds of thousands of Congolese in neighboring countries, hundreds of thousands of internally-displaced persons (IDPs), and tens of thousands of demobilized combatants are expected to return to their homes, and will require substantial assistance for successful reintegration.

Returning one of Africa's largest countries to full peace and stability will require significant U.S. investments in support of national elections, the reintegration of former combatants, the return and reintegration of refugees and IDPs, establishment of central government control over vast territories, and promotion of national reconciliation and good governance. FY 2006 Economic Support Funds (ESF) will offer important leverage to attract contributions from other donors and, when used in a timely manner, will help keep DRC's return to stability on track. FY 2006 ESF investments will also help create fertile ground for future promotion of the full range of U.S. interests in this resource-rich country.

FY 2006 International Military Education and Training (IMET) funds will provide training in military justice, human rights, officer and non-commissioned officer professionalism, and other functional areas. Increasing attention will be given to how these programs can most effectively support overall security sector reforms. These training programs will assist in the continued integration and professionalization of the military, composed of former government and rebel troops. IMET will also facilitate military-to-military contact and the establishment of beneficial relations and defense cooperation between the militaries of the DRC and the United States. Expanded International Military Education and Training (E-IMET)

courses will focus on professional training and development in areas of civil-military relations, the rule of law, respect for human rights and defense resources management. The DRC is eligible in FY 2006 to receive Excess Defense Articles (EDA) on a grant basis under Section 516 of the Foreign Assistance Act. Grant EDA will be used to support efforts to reform and restructure the military, assist with maintaining internal security and help the DRC begin preparations to participate in peacekeeping activities in the future.

FY 2006 Child Survival and Health (CSH) funds, programmed through non-governmental channels, will support activities addressing child survival, maternal health and mortality, family planning, basic health, HIV/AIDS and other infectious diseases, as well as expand immunization coverage throughout the country. In FY 2006, Development Assistance (DA) funds will be used to support the transition to democracy, accountability and governance, agriculture and food security, victims of gender-based violence and other vulnerable populations, environmental conservation efforts, the reintegration of ex-combatants, and improvement in the quality of basic education. In addition, humanitarian non-food and food assistance will be provided to vulnerable populations to help support the more than 370,000 DRCongolese refugees outside the DRC and prepare for their return and reintegration.

The President determined that the DRC was eligible to receive virtually the full range of trade benefits under the African Growth and Opportunity Act (AGOA) in late 2003, following installation of the transitional government. The DRC does not yet qualify for textile benefits, as it lacks an approved visa scheme to prevent transshipment of textiles from other countries.

Djibouti
(\$ in thousands)

Account	FY 2004 Actual	FY 2005 Estimate	FY 2006 Request
ESF	-	1,984	5,000
FMF	6,378	3,968	4,000
IMET	406	325	325
NADR-TIP	271	-	-
P.L. 480 Title II	994	-	-

The primary U.S. national interests in Djibouti are counter-terrorism, security and promoting economic prosperity, development, human rights and democratization. Djibouti hosts the only U.S. military base in sub-Saharan Africa with approximately 1,000 U.S. military personnel physically on the ground at the headquarters for the Combined Joint Task Force-Horn of Africa (CJTF-HOA), which directs Coalition counter-terrorism operations in several countries in East Africa and Yemen, and several hundred more offshore with the Combined Task Force 150 (CTF-150), which is headquartered in Bahrain. A predominantly Muslim country (95 percent) and Arab League member, Djibouti has responded positively to U.S. requests to interdict terrorists, their supporters, and their financial resources. Djibouti is a front-line state in the war on terrorism and stands shoulder-to-shoulder with the United States and its coalition partners.

Djibouti currently hosts military forces from several counter-terrorism coalition partners, including the largest French military base outside of France, and naval contingents from Germany, Spain, and the United Kingdom. Djibouti's deep-water port enhances its usefulness to U.S. military planners. Its location at the strategic straits of Bab el Mandeb at the entrance to the Red Sea directly across the Gulf of Aden from the Arabian Peninsula affords excellent force projection features.

The Arabic language program, Radio Sawaa, currently broadcasts from Djibouti to Sudan and the Middle East 24-hours-per-day, 7 days per week. Two FM channels broadcast the Voice of America (VOA) in Djibouti in Arabic, French and English. In addition, the International Board of Broadcasters (IBB) is currently pursuing an agreement with Djibouti to broadcast Somali-language programming from the two medium-wave transmitters recently rehabilitated by IBB under the Sawaa contract. Negotiations are progressing smoothly, and it is expected that these broadcasts will be on the air by the summer 2005, pending funding. These programs will broadcast in Djibouti, southern Ethiopia and Somalia.

Djibouti is eligible to receive trade benefits under the African Growth and Opportunity Act (AGOA). This offers Djibouti – a low-income country almost devoid of natural resources – an opportunity to develop its trade and investment sectors to generate employment and revenue.

As a result of Djibouti's growing importance to U.S. security concerns in the region, it has received a significant increase in assistance. FY 2006 Economic Support Funds (ESF) will expand existing programs in democracy, education, health and food security, thus advancing existing gains in democracy and development. ESF will also be used to advance Muslim outreach efforts and assist private enterprises around the Port of Djibouti. The U.S. Agency for International Development (USAID) opened a country office in Djibouti in 2003 and will use additional FY 2006 ESF to fund workforce development programs and education programs to increase the country's 40 percent literacy rate.

In order to continue our robust military relationship with Djibouti, the United States continues to provide International Military Education and Training (IMET) in FY 2006 to promote professionalism and respect

for civilian rule. IMET courses include instruction on civil-military relations, military justice, officer professionalism, defense resources management, and coastal security. Djibouti is eligible to receive Excess Defense Articles (EDA) in FY 2006 on a grant basis under Section 516 of the Foreign Assistance Act. Provision of grant EDA such as vehicles, radios, field equipment, patrol vessels and small craft, will support counter-terrorism and other security requirements resulting from Djibouti's upgraded security profile as a front-line state in the war on terrorism.

Djibouti is also a major participant in the East Africa Counter-Terrorism Initiative (EACTI). A critical aim of the EACTI is to enhance border and coastal security and to improve coordination within Coalition forces and with those of neighboring countries. FY 2006 Foreign Military Financing (FMF) will be used to sustain these important efforts, continue programs focusing on regional security and counter-terrorism, and enhance border and coastal security. Specifically, funds will provide services and support defense articles such as: vehicles, small craft and patrol vessels, communications equipment, fencing, guard towers, and night-vision goggles to enhance interoperability with Djiboutian forces. These funds will help Djibouti secure its borders and coastline from the increased threat of terrorism. By helping Djibouti improve its own security, these funds will also enhance force protection for Coalition forces there.

Equatorial Guinea

(\$ in thousands)

Account	FY 2004 Actual	FY 2005 Estimate	FY 2006 Request
IMET	-	-	50

The U.S. national interests in Equatorial Guinea are promoting democracy, good governance, human rights, economic prosperity, and energy security in the context of a flood of petroleum revenues to one of Africa's poorest countries. Democratic institutions are very weak. While the economy has experienced strong petroleum-based growth in recent years, fiscal discipline and transparency are lacking. Equatorial Guinea was also a coup target by outside mercenaries because of its oil wealth, making security a high priority for the country. A top U.S. policy goal is to encourage the Equatorial Guinean Government's investment in the country's health and education programs. The Equatorial Guinean Government has recently requested assistance from the World Bank and International Monetary Fund to increase transparency in its fiscal management. The country's worker and human rights record is poor.

FY 2006 International Military Education and Training (IMET) projects include beginning a program that will increase respect for civilian rule and human rights through the development of a professional military. IMET will also support efforts to ensure regional stability and energy security by enhancing the military's ability to maintain control of its territorial waters. IMET programs would enhance contact between U.S. and Equatorial Guinea military forces and improve understanding and cooperation.

Since December 30, 2002, the President has determined that Equatorial Guinea is ineligible to receive trade benefits under the African Growth and Opportunity Act (AGOA).

Eritrea
(\$ in thousands)

Account	FY 2004 Actual	FY 2005 Estimate	FY 2006 Request
CSH	5,000	5,300	5,200
DA	1,739	1,051	781
FMF	-	496	500
IMET	42	450	450
NADR-HD	1,452	2,800	-
P.L. 480 Title II	64,584	35,328	13,137

The primary U.S. national interests in Eritrea are democracy and human rights, humanitarian assistance, and counter-terrorism. The most important U.S. strategic goal is promoting regional stability through the consolidation of the Ethiopian-Eritrean peace process. The United States helped broker the Peace Agreement between Eritrea and Ethiopia following a disastrous two-year conflict that left Eritrea economically devastated and in dire need of humanitarian assistance. Nurturing recovery from the war and overcoming the deep-seated bitterness between the former combatants will require considerable diplomatic and financial support. Eritrea is a coalition partner in the war on terrorism, and has been helpful in the past, but has slowed its active cooperation due to the erroneous perception that the United States sided with Ethiopia on the border dispute. The Eritrean position toward the United States has begun to change as a result of USG efforts. As a result, the Eritrean military now claims it is ready to assist the counter-terrorism effort and has offered use of its facilities for logistical and/or operational purposes.

However, Eritrea's position on U.S. policy on its border dispute and its troubling record on democratization and human rights will remain obstacles to improved relations. Eritrea was designated a "Country of Particular Concern" (CPC) for its lack of respect for freedom of religion. A stronger bilateral relationship with Eritrea would be advantageous to both the United States and Eritrea and is the preferred avenue we have for tackling these serious concerns.

Eritrea's deteriorating human rights and democracy performance as well as its role in the war on terrorism is taken into account in programming FY 2006 International Military Education and Training (IMET) and FY 2006 Foreign Military Funding (FMF) funds. FY 2006 IMET funds will provide training on civil-military relations, military justice, officer professionalism, and human rights. IMET may also include naval and coast guard courses in support of coastal security counter-terrorism cooperation. The IMET program enables U.S. trainers to build important military-to-military contacts that strengthen the rule of law within the Eritrean military and serve as a basis for regional peacekeeping efforts. FY 2006 FMF funds will finance procurement of coastal security and related counter-terrorism training and equipment, such as patrol craft, enabling the Eritreans to continue their important participation in counter-terrorism activities.

The FY 2006 Development Assistance (DA) resources will finance economic growth, citizen participation, and agriculture. FY 2006 Child Survival and Health Programs (CSH) will support increased access to quality health care services, including safe births, immunization, and prevention of malaria and HIV/AIDS. The range of specific goals includes integrated management of childhood illness, HIV/AIDS prevention, and malaria surveillance, as well as addressing the acute shortage of health care personnel. USG support to the Eritrean health sector over the past five years has contributed to decreasing morbidity due to malaria by 86.5 percent and mortality due to malaria by 85 percent. Substantial improvements in immunization coverage and an apparent stabilization of HIV prevalence has also occurred.

Eritrea was eligible for African Growth and Opportunity Act (AGOA) benefits in 2002 and 2003, but lost its eligibility in December 2003 because of its poor performance.

Eritrea will be eligible to receive Excess Defense Articles (EDA) in FY 2006 on a grant basis under Section 516 of the Foreign Assistance Act. EDA will be used to help strengthen Eritrea's demining and counter-terrorism programs by providing such items as vehicles and field equipment.

Ethiopia
(\$ in thousands)

Account	FY 2004 Actual	FY 2005 Estimate	FY 2006 Request
CSH	33,600	20,490	20,590
DA	18,426	30,500	-
ESF	3,971	4,960	5,000
FMF	2,480	1,984	2,000
GHAI	15,231	55,560	91,855
IMET	542	600	600
P.L. 480 Title II	271,024	50,333	22,027
TI	-	-	25,000

Primary U.S. interests in Ethiopia include ensuring counter-terrorism support, promoting economic growth, fostering democracy and respect for human rights, supporting regional stability, and alleviating human suffering. Ethiopia is an African front-line state in the war on terrorism, supporting efforts to apprehend terrorists in Ethiopia and beyond. U.S. support (financial, diplomatic, political) is needed to keep the peace process between Ethiopia and Eritrea on track. Ethiopia's young democratic institutions are fragile and need U.S. support to grow and mature. In FY 2006, Ethiopia will receive funding from USAID's Transition Initiatives account (TI), which provides support to countries, usually fragile states, which are in transition from crisis to development. This account provides a mechanism that retains the responsiveness and flexibility of humanitarian aid, but with a focus on addressing the causes of fragility, advancing democratic governance and managing conflict with transition environments. In Ethiopia, the cycle of famine has repeated itself over the last 30 years, necessitating substantial and cyclical emergency food aid. USAID has developed a strategy to manage the transition from a largely emergency response program to one that proactively builds capacity to prevent famine by increasing capacity of the government, the private sector, nongovernmental organizations, communities and households to generate economic growth and to build a foundation for permanently reducing famine vulnerability, hunger and poverty. The Transition Initiatives account will complement food aid (food for work, food for relief) to support the growth of effective and sustainable markets and provide the chronically food insecure with income generation opportunities. Finally, it is in the U.S. interest to assist Ethiopia to combat the devastating effect of the AIDS pandemic; Ethiopia has one of the highest numbers of HIV-positive adults in the world.

The Horn of Africa is a turbulent region. In addition to facing domestic challenges, Ethiopia must contend with neighbors who are emerging from civil war (Sudan), have no central government (Somalia), and have fought with Ethiopia in the past (Eritrea). Ethiopia's severe poverty, exacerbated by recurrent drought conditions, makes it difficult for the country to feed its relatively large population. Past U.S. food assistance has saved millions of lives. However, the current drought-induced food shortage in Ethiopia has left approximately 15 million people in need of food assistance in FY 2005. The long-term effects of the food crisis will continue to be felt in FY 2006.

The most important short-term goal of the United States is the demarcation of the Ethiopia-Eritrea boundary and full implementation of the peace agreement between the two antagonists. Renewed conflict would set back U.S. bilateral relations with Ethiopia, potentially endangering counter-terrorism cooperation and negatively affecting the region.

Ethiopia anchors regional organizations and programs such as the Intergovernmental Authority on Development (IGAD), the Greater Horn of Africa Initiative, the World Bank's Nile Basin Initiative, and the headquarters of the African Union. U.S. support for these organizations and activities will improve

prospects for stability throughout the greater Horn and promote regional and Ethiopian economic development and democratization.

A long-term U.S. goal is to eradicate sources of terrorism in the region in order to protect U.S. national security. Ethiopia has provided outstanding cooperation in the war on terrorism. Ethiopia enhanced security for the U.S. Embassy, shut down avenues of terrorist funding, and is cooperating in the effort to counter terrorism in and emanating from Somalia. To diminish the opportunities for terrorists to exploit poverty and other societal divisions, FY 2006 Economic Support Funds (ESF) will be used to support programs on good governance and respect for human rights, anti-corruption activities, trade competitiveness, reform of the banking and capital market systems. FY 2006 ESF will also be used for conflict mitigation programs in troubled regions of the country, such as Gambella, and to support the regional and local elections that follow the national elections in May 2005. ESF funds will be used to help prevent trafficking in persons and to strengthen civil society and local government decentralization.

Ethiopia has a large and professional military that has provided support for the war on terrorism (including an offer of troops for the US-led effort in Afghanistan). It is the fifth largest contributor to United Nations peacekeeping missions around the world. The United States will use the African Contingency Operations Training and Assistance (ACOTA) Program, along with other military assistance funding to increase Ethiopia's capacity and willingness to participate in future peacekeeping missions. Although not a member of the International Criminal Court, Ethiopia signed an Article 98 agreement on October 8, 2004, which is awaiting ratification by the Parliament. FY 2006 International Military Education and Training (IMET) funds will be used for training that will further increase the professionalism of the Ethiopian military, focusing on senior level professional military education courses (War College and Command and General Staff level schools) and instructor training to assist in the development of Ethiopia's own military training institutions. FY 2006 Foreign Military Financing (FMF) will be used to provide Ethiopia with additional equipment and spare parts to increase its counter-terrorism and peacekeeping abilities and to finance the existing vehicle and C-130 aircraft maintenance contracts. Ethiopia is eligible in FY 2006 to receive Excess Defense Articles (EDA) on a grant basis under Section 516 of the Foreign Assistance Act. EDA will be used to enhance Ethiopia's ability to control its borders with Sudan and Somalia, execute humanitarian mine action operations and participate in regional peacekeeping missions.

In FY 2006, TI funding will support sustained economic growth through agricultural programs and enable private sector growth, building on programs started with DA funds. The challenges are enormous, but food security policy reforms are underway with the USG's strong encouragement. The problem of chronic food insecurity will be addressed in efforts to focus Government of Ethiopia programs on the poorest rural households, using both TI and innovative programming of P.L. 480 resources. The latter will assist micro-enterprise development at the community level, and food for education will encourage families to keep primary school-age children in school. TI funds will strengthen public finance management systems, improve the capacity of public sector managers and improve planning. Funds will also be used to improve livelihoods for pastoralists and agro-pastoralists in southern Ethiopia, and to mitigate the effects of disaster, thus promoting U.S. humanitarian interests. Twenty teacher education institutes and other programs such as in-service training for principals to improve the quality of basic education will be supported with TI in FY 2006.

FY 2006 Child Survival and Health (CSH)-funded population programs will continue to assist family planning efforts to slow Ethiopia's population growth, which at present outstrips the growth of agricultural production. CSH funds also will be used to build capacity in the health system, improve maternal nutrition using Vitamin A supplements, improve child health through breast feeding programs, immunizations and nutritional supplements, as well as combat infectious diseases such as tuberculosis and malaria using treated bed-nets and other programs. CSH funds will also be used in conjunction with DA funds to improve emergency preparedness contingency planning at the local level and disaster mitigation.

Ethiopia is a focus country of the President's Emergency Plan for AIDS Relief (Emergency Plan). In FY 2006, increased Global HIV/AIDS Initiative (GHAI) funding will be provided to expand comprehensive and integrated prevention, care and treatment programs, which are further described in Section I under the heading Global HIV/AIDS Initiative.

Ethiopia is a Heavily Indebted Poor Country (HIPC). In 2004, it qualified for debt reduction from its Paris Club creditors under the enhanced HIPC initiative, which resulted in a dramatic reduction in its external debt, including to the United States.

Gabon
(\$ in thousands)

Account	FY 2004 Actual	FY 2005 Estimate	FY 2006 Request
IMET	283	210	200
Peace Corps	2,372	2,500	2,609

U.S. national interests in Gabon are democracy, good governance, economic prosperity, the protection of American citizens, mutual understanding, and the conservation, through responsible management and sustainable use, of rich environmental resources. Bilateral military cooperation is important and enhanced through the use of Gabon as a safe haven and staging base for regional evacuations of U.S. citizens in case of need. The United States and Gabon cooperate through combined military exercises and training, which will be strengthened since Gabon has been named eligible to participate in the African Contingency Operations Training and Assistance (ACOTA) program. Gabon has been influential in promoting regional stability through mediation of regional conflicts.

The United States seeks to strengthen Gabon's democratic institutions, particularly the election process. Organizational flaws and problems with the application of electoral law marked the December 2002 legislative elections. Since the December 2005 presidential elections will be an important test of the electoral process, the United States has sought to improve election administration through Economic Support Fund (ESF) grants channeled through the Africa Regional Fund. The United States will continue to support Gabon's involvement in mediation efforts that promote regional stability and Gabon's efforts to protect its environment through projects developed in synergy with the President's Congo Basin Forest Partnership (CBFP) initiative. The United States is also encouraging Gabon to reform and diversify its economy as oil production declines, as well as open doors to U.S. investment and exports. We support ongoing privatization efforts. Gabon's Stand-by Arrangement with the IMF will help promote these goals. In June 2004, the United States participated in a Paris Club debt rescheduling agreement with Gabon, and expects to conclude the implementing bilateral agreement in early 2005.

Close military cooperation enhances Gabon's role as a regional peacekeeping leader under the African Union Regional Brigade concept. The FY 2006 International Military Education and Training (IMET) program will increase understanding and defense cooperation between the United States and Gabon through programs in military justice, staff training, defense resources management, military health affairs, officer and non-commissioned officer professionalism, and English language training.

In FY 2006, Gabon is eligible in to receive Excess Defense Articles (EDA) on a grant basis under Section 516 of the Foreign Assistance Act. Grant EDA can help support modernization of Gabon's military and participation in peacekeeping efforts; it can also help strengthen coastal security. The EDA program will reinforce the U.S.-Gabon political/military relationship, thereby also reinforcing appropriate civil-military relations.

Gabon is eligible to receive trade benefits under the African Growth and Opportunity Act (AGOA).

Gambia
(\$ in thousands)

Account	FY 2004 Actual	FY 2005 Estimate	FY 2006 Request
IMET	183	75	100
P.L. 480 Title II	485	-	-
Peace Corps	1,936	1,886	1,906

The major U.S. interests in The Gambia are democracy, human rights and humanitarian concerns. The Gambia's presidential and legislative elections in 2001 and 2002 were internationally recognized as free and fair, despite some shortcomings. Recognizing The Gambia's progress in consolidating its constitutional democracy in 2002, the United States lifted sanctions resulting from Section 508 of the Foreign Assistance Act and made it eligible for African Growth and Opportunity Act (AGOA) benefits. The President of The Gambia, Yahya Jammeh, spoke out strongly in support of the war on terrorism and has instituted laws to block terrorist financing. The Gambia was among the first countries in Africa to sign an Article 98 agreement with the United States. It is in the interest of the United States to remain engaged with The Gambia to promote democratic reforms.

The FY 2006 African Regional Economic Support Fund (ESF) request for The Gambia will focus on support for democratization, market-based economic reforms, and humanitarian assistance. It will support efforts to maintain a strong independent media. ESF assistance will also be targeted to strengthening political parties and the Independent Electoral Committee in advance of the 2006 presidential and 2007 legislative elections. This will build on work that was done with previous ESF funds that helped strengthen the national parliament.

FY 2006 International Military Education and Training (IMET) funds will be used to encourage the efforts of the military leadership and the country's civilian government to return the military to its traditionally constructive role. The Gambia is eligible in FY 2006 to receive Excess Defense Articles (EDA) on a grant basis under Section 516 of the Foreign Assistance Act. Provision of grant EDA may be used to support The Gambia's participation in peacekeeping operations. Gambian troops play an important role in regional peacekeeping missions, including a company of Gambians that has recently deployed in Darfur. Previously, Gambians have participated in peacekeeping missions in Sierra Leone, East Timor, Kosovo and peacekeeping missions in Liberia.

The Gambia is a member of the Economic Community of West African States (ECOWAS) and the African Union (AU). It has received substantial reductions in debt payments and associated stabilization assistance from multilateral lending institutions through the Heavily Indebted Poor Countries Initiative.

Ghana
(\$ in thousands)

Account	FY 2004 Actual	FY 2005 Estimate	FY 2006 Request
CSH	18,620	18,920	18,000
DA	18,645	17,443	11,500
FMF	737	496	500
IMET	921	595	575
P.L. 480 Title II	17,663	18,206	22,421
Peace Corps	2,545	2,824	2,848

The primary U.S. interests in Ghana are democracy, human rights and humanitarian concerns, particularly HIV/AIDS, and regional security. Ghana is the fourth largest market for U.S. exports in sub-Saharan Africa and has the capability of attracting new U.S. investment. Its successful series of multi-party elections over the last decade make Ghana a model for regional stability. Ghana also has a proud history of military professionalism and peacekeeping, especially in West Africa, a tradition that continues with Ghana's January 2003 contribution to the Economic Community of West African States (ECOWAS) peacekeeping force in Cote d'Ivoire, and its summer 2003 deployment to Liberia to participate in the UN peacekeeping mission there. Ghana's national HIV/AIDS prevalence among the adult population is 3.64 percent.

FY 2006 Child Survival and Health (CSH) funding will support activities to reduce the rate of HIV/AIDS transmission through aggressive workplace-based education of workers and employers and by training community-health NGO's, funding mass media AIDS awareness campaigns, and distributing condoms to the most at-risk populations. Prevention of mother-to-child transmission through anti-retroviral therapy provided to pregnant mothers will be funded, as will voluntary counseling and testing services. CSH funding will also improve access to family planning services, generate demand for such services through social marketing, and improve basic public health care by placing trained nurses in local communities. Childhood immunizations, the continued development of an Integrated Disease Surveillance system, and the continued combat against malaria in concert with the Ministry of Health are also parts of the program.

FY 2006 Development Assistance (DA) funds will be used to promote fiscal reform, plan financial/exchange rate market reforms, establish commercial dispute mediation services, and promote investment-oriented regulatory reforms. DA funds will also be used to strengthen local government and parliament by tackling corruption and improving transparency by training non-governmental organizations (NGOs) to fulfill a "public watchdog" role. DA will continue to fund Ministry of Education efforts to improve access to and the quality of public schools. Aside from the intrinsic value of education, more children in school plays a role in preventing child labor. Africa Regional ESF funding for FY 2006 will continue to strengthen democratic institutions by supporting conflict prevention, strengthening parliament, expanding women's rights and people with disabilities advocacy, as well as bolstering the Electoral Commission.

In FY 2006, Foreign Military Financing (FMF) will support strategic interests in regional stability, counter-terrorism, democracy, and health and expand the peacekeeping roles of the Ghanaian military in the region. To maintain Ghana's leadership in regional peacekeeping, international crime prevention, and counter-terrorist activities, the funds will be used to purchase vehicles, transport spares, communications equipment, and maintenance support. Ghana is eligible in FY 2006 to receive Excess Defense Articles (EDA) on a grant basis under Section 516 of the Foreign Assistance Act. During previous fiscal years, Ghana received several surplus naval transports under the EDA program that are of particular value in supporting regional peacekeeping and humanitarian missions. These transports improved Ghana's ability to sustain regional

peacekeeping operations and conduct coastal patrols to reduce smuggling and illegal fishing in its territorial waters. Shifts in international crime patterns will mean that Ghana will need to play an increasing role in prevention. EDA can provide needed equipment to support that enhanced crime prevention role.

In FY 2006, the International Military Education and Training (IMET) program will continue to enhance the professional, technical and tactical proficiency of the Ghanaian Armed Forces through U.S. professional military education courses. IMET will focus on the continued development of effective civilian (Defense Ministry and Parliament) oversight of the military and efficient defense resource management. Furthermore, IMET enhances the capacity of the armed forces to effectively participate in peace support operations. The African Contingency Operations Training and Assistance program (ACOTA), the successor to the African Crisis Response Initiative (ACRI), provides training and other crisis response assistance to contingents of the Ghanaian Armed Forces. Such training enhances Ghanaian peacekeeping support and humanitarian relief operations capacity. IMET, ACOTA, and FMF were all crucial in providing Ghana the equipment, training, and ability to deploy a robust, professional peacekeeping unit to Cote d'Ivoire and Liberia in 2003.

Ghana's commitment to peacekeeping is evidenced by the country's establishment of the Kofi Annan International Peacekeeping Center, which is a regional training center for Economic Community of West African States (ECOWAS) peace support operations. The Enhanced International Peacekeeping Capabilities (EIPC) program and ACOTA have provided training and equipment for the center.

Because of Ghana's role in regional stability (IMET and FMF), its record continuous Peace Corps program and the measurable results of past Development Assistance (DA), Child Survival and Health (CSH), and Africa Regional Economic Support Funds (ESF), assistance to Ghana continues to be vital to U.S. national interests.

Guinea
(\$ in thousands)

Account	FY 2004 Actual	FY 2005 Estimate	FY 2006 Request
CSH	6,350	6,950	6,650
DA	12,505	7,922	10,888
IMET	482	350	350
P.L. 480 Title II	10,688	7,180	3,500
Peace Corps	2,543	2,483	2,619

The primary U.S. national interest in Guinea continues to be the development of a stable democracy. Guinea was host to roughly 200,000 refugees from regional conflicts in recent years. Significant accomplishments in repatriation and integration have been realized, although the continuing conflict in Cote d'Ivoire and gradual rebuilding efforts in Liberia and Sierra Leone continue to make Guinea's openness to humanitarian response an important aspect of the USG's relationship with Guinea. If further refugee issues arise, the United States will again contribute to humanitarian solutions as well as help Guinea defend its borders against aggression by its neighbors. Peace requires the expansion of democracy, good governance, respect for human rights and economic development. Guinea has publicly supported U.S. anti-terrorism initiatives and has ratified 11 United Nation conventions on terrorism.

The bilateral assistance program focuses on: improving natural resources management and incomes in rural areas; providing quality basic education to a larger percentage of Guinean children, with emphasis on girls and rural children; improving the health and welfare of women and children, and preventing the transmission of HIV/AIDS; and fostering progress in democracy by bolstering civil society organizations, transparent good governance at the local level, and strengthening electoral practices and conduct. FY 2006 Development Assistance (DA) funding will address local capacity building, sustainable agricultural production, and off-farm income-generating activities to support food security and economic growth in target communities, while fostering a supportive policy environment. DA funds will support Guinea's Ministry of Education in providing quality primary education to Guinea's 1.4 million children, through technical assistance, teacher training, instructional materials, interactive radio instruction, and reinforcement of civil society organizations such as parent/teacher associations. The monies also will target citizen participation in improving local governance and fund civic education programs throughout the country.

FY 2006 Child Survival and Health (CSH) funds will boost the routine immunization program for children, increase access to oral rehydration salts and Vitamin A, increase access to high-quality treatment for sexually transmitted infections, promote better family planning, and support behavior change communication interventions in areas of the country with high-prevalence of HIV/AIDS. The Peace Corps continues to play an active role in health care, HIV/AIDS prevention, and education. Regional Special Self Help (SSH) funds will continue to support regional grants for community development activities in conjunction with local organizations. Similarly, the Democracy and Human Rights Fund (DHRF) will continue to be used to provide assistance to local non-governmental organizations (NGOs) in reinforcing democratic values and human rights.

In FY 2006, the International Military Education and Training (IMET) program will pursue its emphasis on the military's role as an institution that is accountable to the public. IMET courses will focus on civilian control of the military and respect for basic human rights, through training and seminars involving the military, civilian leaders and NGOs. In FY 2006, the program's objectives will be the establishment of a HIV/AIDS policy for the Guinean military, peer education, promotion of HIV awareness, creation of

voluntary counseling and testing facilities, and behavior change in military personnel. Guinea will be eligible in 2006 to receive Excess Defense Articles on a grant basis under Section 516 of the Foreign Assistance Act.

Guinea has been eligible for trade benefits under the African Growth and Opportunity Act (AGOA) since 2000. Though Guinea has not attracted the private foreign investment needed to benefit substantially from AGOA, it recognizes AGOA's potential value. To retain its AGOA eligibility, Guinea will need to continue its efforts to reform the criminal justice system, hold transparent and free elections, and discontinue support to the Liberians United for Reconciliation and Democracy (LURD) rebel group. In addition, Guinea needs to pursue sound economic management policies, implement a poverty reduction program, and insure that investors benefit from transparent rule of law.

Guinea is also defined as a Heavily Indebted Poor Country (HIPC). It received interim debt relief under the enhanced HIPC initiative from its Paris Club creditors (including the United States) from late 2000 until early 2003 due to its failure to meet the conditions of its International Monetary Fund (IMF) program. Guinea must re-establish a track record of good performance on an IMF program before it is eligible to receive further debt relief from its Paris Club creditors.

Guinea-Bissau

(\$ in thousands)

Account	FY 2004 Actual	FY 2005 Estimate	FY 2006 Request
IMET	-	100	100
NADR-SALW	-	200	-

Struggling to re-emerge as a democratic society following a 1998-99 internal conflict, Guinea-Bissau has ruined infrastructure, bankrupt public finance, widely dispersed unexploded ordinance and landmines, and months of salary arrears owed to public employees. Stability in this vulnerable, fragile state is important to regional stability due to its porous borders and its historical ties to separatist groups in Senegal's Casamance region. The United States lifted Section 508 sanctions in August 2004, following the inauguration of a democratically elected Prime Minister, Carlos Domingos Gomes Junior, in May 2004. 508 Sanctions were imposed following a bloodless coup in 2003. The government has steered the country towards improved relations with the international community, emergency measures to control public finances, and successful legislative elections that were held in March 2004. While moving slowly to achieve stability, promote economic development, and institutionalize recent democratic advances, Guinea-Bissau remains troubled by an outdated, bloated and undemocratic military; an oversized civil service with few private sector job alternatives; and a serious lack of resources and capacity in the justice sector. According to the World Bank 2003 figures, per capita income in the country is only \$150, making it one of the poorest countries in the world.

FY 2006 International Military Education and Training (IMET) funds will be used to expose military officers and their civilian counterparts to democratic values, respect for individual civil and human rights, and the rule of law. Additionally, military personnel will be taught the principles behind civilian control of military and proper civil-military relations in a democracy and how to manage defense resources. Guinea-Bissau is eligible to receive Excess Defense Articles (EDA) in FY 2006 on a grant basis under Section 516 of the Foreign Assistance Act.

Regional Economic Support Funds (ESF) and Development Assistance (DA) supported a project by a U.S. Non-Governmental Organization, Enterprise Works, to train local entrepreneurs in improved techniques for cashew processing and marketing, and to help with local production of machines and equipment needed to process cashews for market. The program has significantly increased the value added from cashews and provides labor for hundreds of Bissau-Guineans. Another regional program assists refugees, displaced persons and host communities in Guinea-Bissau. FY 2004 Africa Regional ESF was allocated to assist the parliament, an important sovereign institution re-starting its activity following its November 2002 dissolution by former President Yala.

The Ambassador's Special Self-Help fund is available to support local development projects each year. Democracy and Human Rights Fund projects for FY 2006 will improve capacity in the justice system, combat female genital mutilation, and achieve other goals.

Guinea-Bissau is a member of the Economic Community of West African States (ECOWAS) and the African Union (AU). Discussions are currently underway with the International Monetary Fund and Paris Club donors to establish Heavily Indebted Poor Countries completion point conditions to qualify for further debt relief. While Guinea-Bissau remains eligible for trade benefits under AGOA, it lacks the business expertise and technical capacity to develop AGOA-related exports.

Kenya
(\$ in thousands)

Account	FY 2004 Actual	FY 2005 Estimate	FY 2006 Request
CSH	34,877	12,600	12,300
DA	12,001	15,782	16,344
ESF	7,953	8,928	8,000
FMF	6,635	6,944	7,000
GHAI	34,631	107,020	162,348
IMET	638	650	650
NADR-ATA	-	4,000	3,000
NADR-EXBS	1,088	50	300
NADR-TIP	400	-	-
P.L. 480 Title II	41,342	21,736	11,657
Peace Corps	2,937	3,085	2,963

Counter-terrorism, improved governance and economic growth, reduction of disease and poverty, and promotion of human rights are the principal U.S. interests in Kenya.

Kenya is the linchpin of East African stability and security. Kenyan support for the war on terrorism has been solid and wholehearted, a reflection of national values and recognition that Kenya has twice been a target of deadly al Qaeda attacks in Nairobi in 1998 and in Mombasa in 2002. Kenya remains a principal point of access for U.S. military and relief operations within the region. A vital partner in the global war on terrorism, Kenya also demonstrates regional leadership in peacekeeping and diplomacy. Kenya has led the Inter-Governmental Authority on Development (IGAD) peace process on Sudan and Somalia. Kenya is among the top troop-contributing nations for U.N. operations and does not shy away from difficult assignments like Sierra Leone, Darfur, and the Democratic Republic of Congo. Kenya was instrumental in achieving the Sudan North-South Peace Accord, which was signed on January 9, 2005. The Somalia process has resulted in the establishment of a Transitional Federal Authority. A top U.S. priority in the coming years is the increasingly close relationship with Kenya on counter-terrorism (CT) initiatives. Kenya is a key partner in the Presidential East Africa Counter-Terrorism Initiative (EACTI) and is a front-line state in the fight against terrorism.

In late 2002, Kenya undertook its most important political transition in its 38 years as an independent nation. Incumbent President Daniel arap Moi stepped down to allow former opposition leader Mwai Kibaki, who was chosen in multiparty elections, to assume the presidency. This democratic transition was free, fair, and without significant violence, strengthening liberty and human rights for Kenya's 30 million people. The United States is working closely with the Government of Kenya (GOK) to support its work to consolidate these gains and safeguard its fragile democracy for the future.

Kenya remains the engine of East African economic growth, despite a recent history of economic stagnation and corruption, and is the region's transportation and communication hub. President Kibaki and his cabinet have made clear their commitment to the improvement of governance, essential to allow renewed economic growth. The United States and other donors are committed to assist in this effort as long as the Kenyan Government demonstrates the political will to transform its intention into concrete action.

Two of the greatest challenges facing President Kibaki and the GOK are to change a pattern of governance in which public office has been used for private gain and to re-invigorate a stagnant economy that falls far

short of fully utilizing Kenya's potential. The United States will undertake a higher level of engagement to assist the Kenyan leadership in meeting these challenges. FY 2006 Development Assistance (DA) will be provided in the form of technical assistance and capacity building grants to local non-governmental organizations (NGOs) to increase the effectiveness of private sector and civil society organizations, enhance the independence of the parliament, and continue to promote a transparent and competitive electoral process. Economic Support Funds (ESF) for FY 2006 will help Kenya strengthen democratic institutions, support Kenya's nascent anticorruption campaign and assist critical economic and government reform programs. ESF will reinforce Kenya's counter-terrorism capacity, improve its legal system and enhance the government's interaction with marginalized Muslim communities along the Swahili coast. ESF buttresses Kenya's vital regional leadership as mediator in the Somalia and Sudan peace processes. The Non-proliferation, Anti-Terrorism, Demining and Related Programs' (NADR) funds will be used to enhance the ability of Kenya's legal system to deal with cases of special importance (such as those related to terrorism), which will also involve basic capacity-building activities. They will also be employed to train and equip law enforcement agencies for counterterrorist activities and to strengthen Kenya's export control system.

Closely aligned with this goal is AIDS relief. Kenya is a focus country of the President's Emergency Plan for AIDS Relief (Emergency Plan). In FY 2006, increased Global HIV/AIDS Initiative (GHAI) funding will be provided to expand comprehensive and integrated prevention, care and treatment programs, which are further described in Section I under the heading Global HIV/AIDS Initiative.

Sustained International Military Education and Training (IMET) funding and Foreign Military Financing (FMF) funding will enhance Kenya's counter-terrorism capabilities, its border and coastal security, and its peacekeeping capacity. FY 2006 FMF funds will be used to procure new and maintain previously purchased U.S.-origin patrol craft, supplies, individual-soldier equipment, weapons, communications equipment night vision devices, radars/sensors, medical equipment vehicles, maintenance, and repair and spare parts for military systems. Funds will also bolster air base operations and maintenance training. FY 2006 IMET funding will be used to increase the professionalism of the Kenyan military and to provide specialized border and coastal security training. Kenya will be eligible in FY 2006 to receive Excess Defense Articles (EDA) on a grant basis under Section 516 of the Foreign Assistance Act. Equipment received under this program will support Kenya's peacekeeping and counterterrorism efforts.

As Kenya continues to add jobs using the benefits of the African Growth and Opportunity Act (AGOA), the United States will continue its work to help the Kenyan people achieve greater rates of economic growth and overcome disease and poverty. Successful Development Assistance (DA) and Child Survival and Health (CSH)-funded operations to improve child health and reduce fertility rates will continue, as will efforts to increase rural household incomes for agricultural smallholders and micro-enterprise entrepreneurs. Previous work in these fields has already reduced child mortality, fertility rates, and rural poverty. Growth of rural incomes will be encouraged through improvements in productivity (including use of biotechnology), market access, and private sector management of key commodities. DA will also be used for improving natural resources management to protect Kenya's wildlife and the important tourism industry that wildlife attracts. All these programs will provide technical assistance as well as grants to local NGOs to build capacity.

Lesotho
(\$ in thousands)

Account	FY 2004 Actual	FY 2005 Estimate	FY 2006 Request
IMET	-	50	50
P.L. 480 Title II	1,339	-	-
Peace Corps	2,282	2,484	2,498

The priority U.S. interests in Lesotho are helping Lesotho combat HIV/AIDS, fostering economic development and advancing democratization. Assisting Lesotho in its efforts to address the HIV/AIDS crisis, improve its economy, and strengthen its democratic foundations will serve to enhance regional security and lay the groundwork for continued national and regional economic stability. The United States is also working to address food security in Lesotho. The “Mountain Kingdom” has received high-level attention from Ambassador Robert Zoellick and Millennium Challenge Corporation CEO Paul Applegarth, both of whom visited in late 2004.

The HIV/AIDS crisis poses a serious threat to Lesotho's social, political, and economic future. Through USAID's Regional HIV/AIDS Program Office in Pretoria, the USG provides funding for public awareness, educational activities, and voluntary counseling and testing, and seeks to extend programs with additional funding. The Department of Defense also offers assistance to the Lesotho military in the fight against HIV/AIDS through its Department of Defense HIV/AIDS Prevention Program (DHAPP), including more than \$50,000 worth of equipment and supplies in FY 2003-2004. Lesotho benefits from regional Child Survival and Health (CSH) funds. These funds provide technical assistance to strengthen the ability of non-governmental organizations and the private sector to respond to increased demand for HIV/AIDS information and services, with a particular emphasis on high-traffic corridors.

Lesotho qualified to compete for Millennium Challenge Account funding and is eligible to compete for both FY 2004 and FY 2005 funding. Lesotho is also eligible to receive trade benefits under the African Growth and Opportunity Act (AGOA), and in April 2001 it was granted AGOA apparel benefits that are still in force. Phenomenal growth in the textile industry resulted in an increase of employment in the industry from 20,000 in 2001 to more than 50,000 in 2004, making the country the largest exporter of textiles to the United States under AGOA. Lesotho's dependence on one export product, textiles, dominated by one market destination, the United States, renders it vulnerable to changes in international trade regimes. For example, the end of the Multi-Fiber Agreement (MFA) will likely increase competition from China. Efforts are underway to increase Lesotho's competitiveness through diversification under AGOA, and moving to high end products for American niche markets. Regional ESF funding will assist Lesotho in exploring diversification issues and the impact of the end of the MFA. Lesotho is a member of the Southern Africa Customs Union (SACU), which is currently negotiating a Free Trade Agreement with the United States, and of the Southern African Development Community (SADC).

Through various programs, the USG assists Lesotho's consolidation of democracy. USAID funding will facilitate the organization of/preparations for the country's first-ever local elections scheduled to be held in the first half of 2005. Various Lesotho law enforcement agencies/organizations including the Lesotho Mounted Police Service, the Lesotho Revenue Authority (LRA) and the Directorate on Corruption and Economic Offenses (DCEO) have sent officials to various courses offered by the International Law Enforcement Academy (ILEA).

A stable military is an important element in Lesotho's democratic development, and we maintain an interest in its professionalization. Although Lesotho's failure to sign an Article 98 agreement constrains USG policies, the USG supports development of the Lesotho Defense Force (LDF). If reinstated, FY 2006

International Military Education and Training (IMET) funds will continue to support education programs emphasizing leadership, management, civil/military relations, and human rights training. LDF and Ministry of Defense officers participate in the Africa Center for Strategic Studies (ACSS) seminars.

Liberia
(\$ in thousands)

Account	FY 2004 Actual	FY 2005 Estimate	FY 2006 Request
CSH	2,819	4,471	2,900
DA	-	6,854	7,858
ESF	-	24,800	75,000
FMF	-	2,976	2,000
IDFA-SUP	200,000	-	-
INCLE	-	5,000	2,000
NADR-SALW	160	-	-
P.L. 480 Title II	21,532	5,452	-

The United States is playing a successful leading role in helping Liberia recover from almost 20 years of civil war, generations of corruption, and a near-total absence of government services and of respect for human rights and the rule of law. With the departure of Charles Taylor and the establishment of a comprehensive peace agreement and transitional government, substantial Economic Support Funds (ESF) will continue to support fundamental needs in a country that can serve as a model for promoting democratic, free-market reforms and U.S. influence in Africa. The needs will include the continued reintegration of child soldiers and other former combatants into society; local election preparations; judicial and rule of law programs; education and literacy; customs, tax, auditing, and budgetary reforms; aviation safety; privatization of Liberia's parastatals and utilities; development of a private sector through microcredit grants and loan programs; a World Trade Organization (WTO)-compatible trade and investment framework; and sustainable and transparent management of natural resources, including forest management under the President's Initiative Against Illegal Logging. Substantial progress in these areas ultimately could lead to Liberia's accession to benefits under the African Growth and Opportunity Act (AGOA) and access to the Millennium Challenge Account (MCA).

The United States is supporting UN peacekeeping operations, and efforts to establish an effective Liberian government and to restore Liberia's capacity to provide for its own security. We are committed to assist a reformed and streamlined Liberian military become an effective civilian-led force, to provide border control and interdict arms traffickers and regional paramilitaries. Liberia has only minimal law enforcement and military infrastructure, and has little capability to control its borders or to enforce customs and other laws. Its alluvial diamond fields and forests have attracted significant illicit commercial activity. Development of a credible, competent police force will be a priority and will help restore civil order, promote the rule of law, and improve public confidence in government. International Narcotics Control and Law Enforcement (INCLE) funds will be used to continue to assist Liberia's development of a credible and competent police force and functioning judicial institutions, the implementation of anti-corruption measures, and prison reform.

Following two decades of civil strife, the transitional government has made the creation of a professional, apolitical military one of the cornerstones for building a stable and democratic Liberia. The USG will use robust Peacekeeping Operations (PKO) and Foreign Military Financing (FMF) programs to help build a strong bond between the new Armed Forces of Liberia and the U.S. Armed Forces. FY 2006 FMF funds will be used in support of ongoing security sector reform efforts and for purchases of critical equipment and spare parts as well as training for existing equipment. Liberia is eligible in FY 2006 to receive Excess Defense Articles (EDA) on a grant basis under Section 516 of the Foreign Assistance Act. EDA grants will be used to reform Liberia's military. Programming of these funds for these purposes will begin to provide the exit strategy for the UN Mission in Liberia (UNMIL).

In FY 2006, USAID will use Development Assistance (DA) to expand its community-focused, post-war rehabilitation and reconstruction activities. In addition to programs that encourage ex-combatants and other war-affected persons to return to their communities of origin, these war-affected persons will receive training in agriculture, masonry, roof tiling, and business skills. USAID will expand activities to diversify crops and increase market access; train newly elected government officials; and establish a leadership development program for college and post-graduate training to fill the vacuum left by years of war and corruption. USAID will continue to strengthen civil society organizations, with an added focus on business associations that can advocate for an enabling environment for private sector development. USAID will work to improve the quality of basic education in a country of 85 percent illiteracy by providing equipment, textbooks, and technical assistance to the Education Ministry thus building the education system's capacity to provide in-service teacher training, develop curriculum, and improve access for all students.

In FY 2006, USAID will use Child Survival and Health funds (CSH) to expand its primary and reproductive health care activities in targeted communities; expand its HIV/AIDS activities; further address the institutional strengthening of Liberian non-governmental organizations and county health teams in organizational development; and continue to expand support for the development of in-service training for health care personnel.

International Disaster and Famine Assistance funds appropriated by the Emergency Supplemental Appropriations Act for Defense and for the Reconstruction of Iraq and Afghanistan in FY 2004 (IDFA-SUP) targeted relief, resettlement, education, and community revitalization programs for Liberian refugees, internally displaced persons, ex-combatants, and women and children associated with the fighters. These funds also have provided support for the October 2005 elections, Treasury Department advisors in building an accountable and transparent budget and revenue process, forest management (affecting UN sanctions), and police and criminal judicial training and assistance, including anti-corruption and rule of law programs. Furthermore, these monies are leveraging debt relief and grants from the African Development Bank, developing smallholder agriculture, monitoring and combating HIV/AIDS, and delivering the first tranche for reforming, training, and equipping of a professional, apolitical military.

Madagascar

(\$ in thousands)

Account	FY 2004 Actual	FY 2005 Estimate	FY 2006 Request
CSH	10,365	11,315	10,015
DA	10,378	9,024	10,379
IMET	333	200	200
P.L. 480 Title II	12,477	11,607	15,719
Peace Corps	2,203	2,233	2,251

The United States' principal interests in Madagascar are the promotion of democracy, the encouragement of economic growth and development and the protection of Madagascar's unique biodiversity. In addition, we seek to help Madagascar limit the spread of HIV/AIDS. The Government of Madagascar has supported the war on terrorism through law enforcement cooperation and the implementation of financial sector counter-terrorism measures.

The United States will continue to work with Madagascar to support its developing democracy. Although the disputed December 15, 2001 presidential election plunged the country into chaos in the first half of 2002, Madagascar held free, fair and highly participatory legislative elections in January 2003 with the financial support of the United States and other donor countries. Those elections cemented the democratic credentials of the administration of President Marc Ravalomanana, whom Madagascar's courts had declared the winner of the disputed 2001 election.

The Government of Madagascar (GOM) has moved ahead to improve governance, repair infrastructure and implement an ambitious poverty reduction strategy. The GOM's pro-business stance is reflected in steps taken to reform its commercial law and private investment continues to grow. The GOM projects GDP growth in 2005 to be in excess of seven percent. The United States approved Madagascar for benefits under the Africa Growth and Opportunity Act (AGOA). Driven by the availability of AGOA benefits, Madagascar has been successful in adding jobs and investment. FY 2006 Development Assistance (DA) will foster agricultural and trade development. DA funding also will be used to promote democracy and help the Malagasy government's anti-corruption efforts. U.S. public diplomacy programs will complement efforts for the consolidation of democratic institutions.

The fourth largest island in the world, Madagascar has a unique environment. FY 2006 DA-funded environmental programs will assist Madagascar in guarding its precious and rare biodiversity and in implementing sustainable and responsible natural resource management, particularly forest management. With U.S. assistance, Madagascar has increased protection of endangered species and forested areas. Previous U.S. funding helped to protect the environment of Madagascar by protecting forestland from over-development, which led to further development of national parks. FY 2006 funds will be used to continue these efforts and consolidate the gains already made.

FY 2006 Child Survival and Health (CSH) assistance in the health, nutrition, and population sectors will be used to improve the quality of life for assisted Malagasy populations, promote child survival, increase contraceptive prevalence, improve food security and limit the spread of sexually transmitted diseases, HIV/AIDS, and other infectious diseases.

Madagascar is also a Heavily Indebted Poor Country (HIPC). In 2004, it qualified for debt reduction from its Paris Club creditors under the enhanced HIPC initiative, which will result in a significant reduction in its external debt, including to the United States. The U.S. will be implementing its debt reduction agreement in

early 2005. Madagascar was also among the first sixteen countries to achieve eligibility for Millennium Challenge Account (MCA) funding and is eligible to compete for both FY 2004 and FY 2005 funding.

U.S. strategy for consolidating democracy includes enhancing the professionalism of the Malagasy military forces through International Military Education and Training (IMET) programs. FY 2006 IMET funds will provide courses on civil-military relations, coastal security, military justice, officer professionalism, and defense resources management. Madagascar is eligible in FY 2006 to receive Excess Defense Articles (EDA) on a grant basis under Section 516 of the Foreign Assistance Act. Grant EDA will support Madagascar's counter-drug maritime activities, counter-terrorism efforts and coastal security operations.

Malawi
(\$ in thousands)

Account	FY 2004 Actual	FY 2005 Estimate	FY 2006 Request
CSH	19,800	20,425	19,100
DA	12,441	10,163	11,186
IMET	415	360	350
P.L. 480 Title II	6,722	7,229	14,455
Peace Corps	2,173	2,349	2,312

Economic growth, governance, and humanitarian assistance, especially to combat HIV/AIDS, are our primary goals in Malawi. Since the election of a reformist administration in May 2004, Malawi is working its way back to fiscal responsibility and macroeconomic stability. These efforts and President Mutharika's anti-corruption campaign earned Malawi designation as a Millennium Challenge Account threshold country. Malawi continues to suffer from a lack of fiscal resources and a devastating HIV/AIDS epidemic. By helping the government address these problems, the United States will help to strengthen democracy, enhance regional stability, and encourage economic development and trade/investment opportunities, thereby advancing U.S. global interests.

Malawi has been a strong supporter in counter-terrorism efforts. The Government of Malawi has been outspoken in its condemnation of terrorism aimed against the United States and other democratic nations. Malawi has cooperated with the United States in coordinating anti-terrorism activities.

FY 2006 Development Assistance (DA) funds will support activities that promote long-term agricultural productivity, including sustainable land use management, crop diversity, and expanded rural employment opportunities. DA funds will support development of Malawi's primary education infrastructure by focusing on improving teaching skills, community involvement, and management, planning, and resource allocation. DA funds will also support activities on expanding access to legal aid for the poor, community-based alternative dispute resolution approaches and civic education with an emphasis on building tolerance and reducing potential conflict.

FY 2006 Child Survival and Health (CSH) funds will support efforts to reduce the transmission and mitigation of HIV infections, reduce infant and child mortality, and increase the rate of contraceptive use. Programs to improve detection, treatment and prevention of malaria and tuberculosis and community child health interventions will also receive support, as will activities focusing on training, service provision, logistics and management systems for family planning and reproductive health.

Malawi has been pro-active in seeking assistance from the United States in expanding its role in peacekeeping efforts throughout the region and the world. FY 2006 International Military Education and Training (IMET) programs will build on the Malawi military's tradition of apolitical professionalism and enhance regional stability by focusing on democratic values and mutually beneficial military-to-military relations. Malawi military personnel will receive training in finance, medical care, HIV/AIDS prevention, and other military professional training. Malawi is eligible to receive Excess Defense Articles (EDA) on a grant basis under Section 516 of the Foreign Assistance Act of 1961, as amended. Grant EDA will help develop Malawi's capacity to support peacekeeping activities.

Malawi has been an active and successful participant in the African Growth and Opportunity Act since it was declared eligible for the program in September 2000. Malawi is a member of the Southern African Development Community.

Mali
(\$ in thousands)

Account	FY 2004 Actual	FY 2005 Estimate	FY 2006 Request
CSH	14,200	15,755	14,580
DA	25,267	18,564	20,793
IMET	-	175	50
Peace Corps	3,573	4,144	3,811

The primary U.S. national interests in Mali are promoting the consolidation of democratic institutions and helping the national government address the humanitarian goals of ameliorating the effects of poverty and preventing the spread of HIV/AIDS. Other interests include supporting efforts to establish lasting regional stability and enhancing Mali's ability to prevent terrorists from using its territory for basing and trafficking. Mali has been an active partner in the war against terrorism and has ratified all of the UN counter-terrorism conventions.

Mali is a model for democracy in the region and an active member in regional organizations such as the Economic Community of West African States (ECOWAS) and the African Union (AU). Mali continues to support U.S. interests in the region. Mali benefits from the Heavily Indebted Poor Countries Debt Reduction Initiative and the Africa Trade and Investment Policy Program.

FY 2006 Child Survival and Health (CSH) and Development Assistance (DA) funding will help the Government of Mali expand economic opportunities, particularly for the rural poor; provide high impact health services to women and children; combat HIV/AIDS; improve the quality of education for all; consolidate democracy through decentralization and accelerate overall development by making information more widely accessible through expanded rural radio. The U.S. National Institutes of Health continues to research and test an anti-malarial vaccine in Mali.

A major factor in building national cohesion is the integration of the northern ethnic groups into Mali's political, economic and social structures. This integration effort will continue to be supported by DA funds. In northern Mali, DA will be used to develop income-generating activities, build schools, and establish or renovate water resources.

The DA program will continue to fund efforts to improve the efficiency of agricultural production and to increase farmer incomes through agricultural best practices and better management, especially of irrigated agriculture.

FY 2006 International Military Education and Training (IMET) funding will be used for a program to reinforce the progress already made by the Malian Armed Forces towards becoming a more professional organization through training and seminars. It will also provide opportunities for the professional officer corps to attend courses that stress greater respect for and understanding of the requirement to support human rights and civilian control of the military. Over the past decade, Malian Armed Forces have evolved from an instrument of government control to a professional organization and many IMET graduates hold high positions in their ministries and the armed services.

Through the provision of Regional Peacekeeping Operations, Mali is a participant in the Pan-Sahel Initiative that provides counter-terrorism training to select troops. Such training enabled a Malian patrol to free two hostages in 2004 and apprehend their captors.

Mali is eligible to receive Excess Defense Articles (EDA) on a grant basis under Section 516 of the Foreign Assistance Act. Provision of grant EDA will support Mali's ability to control its borders and undertake peacekeeping operations.

Mali is eligible for benefits under the African Growth and Opportunity Act (AGOA). Its government is supportive of the economic reforms needed to attract the investment required to realize significant benefits from greater trade access to the U.S. market afforded by AGOA.

Mali is also eligible to compete for both FY 2004 and FY 2005 funding under the Millennium Challenge Account.

Mauritania

(\$ in thousands)

Account	FY 2004 Actual	FY 2005 Estimate	FY 2006 Request
IMET	234	130	130
P.L. 480 Title II	8,486	3,490	4,013
Peace Corps	1,840	2,290	2,382

Primary U.S. national interests in Mauritania are advancing the Global War on Terrorism (GWOT) and promoting democracy and human rights. Mauritania has been a strong supporter of the Middle East Peace Process (MEPP) and is the only Arab League country that maintains an ambassador in Israel. After September 11, the Mauritanian government immediately condemned the attacks and agreed to block all terrorist-related financial assets. Mauritania has also supported the war on terrorism diplomatically by playing a moderating role in the Organization of the Islamic Conference (OIC), where it refused to link the attacks to the MEPP. Mauritania was the first African country to sign and ratify an Article 98 agreement with the United States. Despite this good will, Mauritania is hampered in the GWOT by its underdeveloped infrastructure and poor border controls.

Besides counter-terrorism, assistance to Mauritania supports other U.S. foreign policy goals, including democratization, respect for human rights, poverty alleviation, health, education, and pursuit of sound, market-based economic policies. In FY 2006, the United States plans to continue the relatively modest assistance programs already in place to encourage democratic development, combat poverty, and improve Mauritania's military.

The International Military Education and Training (IMET) program will serve U.S. interests by encouraging military support for democratically elected civilian government and respect for human rights. IMET courses will include instruction on civil-military relations, military justice, officer professionalism, defense resources management, counter-terrorism and coastal/border security. Mauritania is eligible to receive Excess Defense Articles (EDA) on a grant basis under Section 516 of the Foreign Assistance Act. EDA grants will be used to support the Mauritanian military in the war on terrorism.

Although there is no USAID mission in Mauritania, there are still several USAID-funded activities taking place there, such as a continuing Food for Peace project that targets malnourished women and children, micro-enterprise development programs that focus on water access development, and HIV/AIDS awareness and education programs targeted at women and girls.

Since 1992, Mauritania has undertaken an ambitious and successful transition to an economically liberalized and politically diverse country. A reform-minded team in the Government of Mauritania has implemented wide-reaching macroeconomic, structural and social reforms. Mauritania's economic governance is among the best in Africa, and it reached its "completion point" under the Heavily Indebted Poor Countries (HIPC) debt initiative. The government has made commendable progress in education: the World Bank determined that 86 percent of children of primary school age are enrolled in school – a remarkably high figure for a country that is one of the poorest in the world. Mauritania is eligible to receive trade benefits under the African Growth and Opportunity Act but, to date, has taken little advantage of this law.

Mauritius
(\$ in thousands)

Account	FY 2004 Actual	FY 2005 Estimate	FY 2006 Request
IMET	144	125	125

The United States' principal national interest in Mauritius is economic: expanding trade and commerce. The United States also has a strong interest in obtaining Mauritius' continued support of counter-terrorism initiatives. Mauritius is a stable, multi-party democracy that boasts a multi-ethnic, multi-lingual, and multi-cultural population. It has a vibrant economy spanning agricultural, manufacturing, financial services and tourism sectors with a burgeoning information technology component. Mauritius provides employment, educational, and health care benefits for its people.

Mauritius has consistently supported the U.S.-led coalition in the war on terrorism. It passed counter-terrorism legislation consistent with U.N. Security Council Resolution 1373 and has responded positively to U.S. requests for financial interdiction of terrorist resources. With the support of the Department of Treasury's Financial Center, Mauritius established a Financial Intelligence Unit and is scheduled to receive additional financial interdiction and detection training.

Mauritius is eligible to receive trade benefits under the African Growth and Opportunity Act (AGOA). Its well-developed export-processing zone allowed Mauritius to take early and full advantage of AGOA. In November 2004, Mauritius received a one-year Third Country Fabric exemption under AGOA. Mauritius has the capability to help other African countries realize the same benefits and advantages. It has already begun to outsource and invest in other African countries. In January 2005, Mauritius hosted the Small Island Developing States (SIDS) Conference at which actions in support of the sustainable development of the SIDS were discussed.

U.S. national security is enhanced through the creation of a stable and secure Indian Ocean region. In FY 2006, International Military Education and Training (IMET) funds will provide courses for Mauritius armed forces including officer professionalism, organizational planning, coastal security, and integrated force management. Past courses featured maritime law enforcement training, crisis management, military justice, fisheries protection, and pollution control as well as search-and-rescue operations.

Mauritius will be eligible in FY 2006 to receive Excess Defense Articles (EDA) on a grant basis under Section 516 of the Foreign Assistance Act. Provision of grant EDA to Mauritius will support its coastal security activities.

Mozambique

(\$ in thousands)

Account	FY 2004 Actual	FY 2005 Estimate	FY 2006 Request
CSH	20,380	12,530	10,430
DA	24,572	17,085	18,319
GHAI	11,083	45,884	57,757
IMET	243	215	215
NADR-HD	1,492	2,336	2,500
P.L. 480 Title II	19,751	17,970	18,916
Peace Corps	2,092	2,227	2,283

United States interests in Mozambique include economic growth and development, democratization, prevention of terrorism, improved health care, and the fight against HIV/AIDS. Mozambique's democratic and free-market policies need continued assistance to reach its goals. Despite impressive economic growth and the cancellation in 2001 of much of Mozambique's external debt to Paris Club creditors, including the United States, the country remains among the world's poorest. Government revenues are insufficient to provide basic services and ensure border security. Democratic institutions remain nascent, particularly at the local level, and ineffective border controls are no deterrent for international terrorists. More than 14 percent of adult Mozambicans live with HIV/AIDS, and the percentage continues to grow. While these realities constrain progress, the Mozambican government has proven to be a credible bilateral and regional development partner. It has provided political support for the Global War on Terrorism, improved border security, and cooperated with anti-terrorist activities to the extent that its resources allow. Mozambique receives trade benefits under the African Growth and Opportunity Act and is eligible for funding through the Millennium Challenge Account.

In FY 2006, Development Assistance (DA) resources will support Mozambique's development in agriculture, health and tourism, and strengthen democracy and the environment (for private sector investment). In agriculture, programs will train farmers in crop diversification, improved storage and marketing, and environmental management practices. They will also provide budget support, project assistance, and technical leadership to the government's agricultural sector investment program. USAID technical experts will build capacity within the Ministry of Agriculture and Rural Development to promote public sector outsourcing of agricultural services, train researchers and extension agents, and develop policies to support increased production. DA resources will improve the capacity for road maintenance, rehabilitate overland market links, and introduce new technologies for road construction that improve quality and costs.

Labor-intensive export-oriented industry depends on the government's ability to negotiate market access. To that end, DA resources will provide technical assistance to the government's International Relations Directorate to improve institutional and analytical capacity. These resources will also support the establishment of a trade coordinating body, creation of a trade database, and implementation of standards and certifications required to export products to overseas markets. DA will continue to provide technical assistance to the Confederation of Mozambican Business Associations to strengthen its lobbying capacity in favor of more open trade. This will include establishing alliances between Mozambique and United States and/or regional and sector business associations, creating financial instruments aimed at supporting labor-intensive exports, and increasing access to business development services.

Economic growth remains hampered by landmines and unexploded ordinance. FY 2006 Nonproliferation, Anti-terrorism, Demining and Related Programs – Humanitarian Demining (NADR-HD) resources will

fund non-governmental organization (NGO) demining of infrastructure and agricultural land, and continue capacity building and sustainment support of the Mozambican military's demining brigade.

Democratic consolidation remains a priority. DA funded technical assistance and training will improve citizen participation in and oversight of local governments by creating mechanisms for citizen involvement. DA funds will train municipal government officials in citizen outreach, development planning, transparent public administration, and public information. Using DA funding, USAID will support the NGO Ética Mozambique in implementing its multi-media anti-corruption information and awareness campaign and in the establishment of corruption reporting centers in all provincial capitals. DA and Africa Regional International Narcotics Control and Law Enforcement funds will provide technical assistance and training to the Mozambican Attorney General's Office to fight corruption, create effective legal sanctions, and deter public sector corruption. Africa Regional Economic Support Funds will supplement USAID anticorruption activities.

The FY 2006 International Military Education and Training (IMET) program will provide professional training, emphasizing the necessity of an apolitical, professional, civilian-controlled military. IMET courses will help train students in basic technical skills such as ordnance maintenance to ensure proper handling of equipment, and coast guard management to help protect resources along their lengthy coastline.

Mozambique is eligible in FY 2006 to receive Excess Defense Articles (EDA) on a grant basis under Section 516 of the Foreign Assistance Act. Provision of grant EDA will continue to support Mozambican demining capabilities, health programs, and other humanitarian assistance objectives.

Health care, including the prevention of HIV/AIDS, remains a significant challenge that if not adequately addressed could undermine other USG goals. Maternal and child health activities are essential to improving the overall quality of life of Mozambicans. Resource constraints, both human and financial, within the Mozambican Government necessitate outside assistance in this area. Child Survival and Health (CSH) funds will be used to provide technical assistance and training focused on vaccine preventable diseases, malaria prevention, malnutrition, Vitamin A deficiency, and diarrheal diseases. Family planning and reproductive health resources will fund training and technical assistance to improve service provision, supervision, and logistics systems. Training of community and faith-based health workers will improve the quality of antenatal care, ensure early detection and management of malaria, and improve performance in counseling assistance at the provincial, district, and community levels for the provision of contraceptives and child survival products. Technical support and training of Ministry of Health (MOH) staff in financial and operations management at the provincial, district, and community levels will be initiated. USAID will continue to provide technical expertise and training at the central level to increase the MOH's capacity to formulate and implement policies in support of health sector reform.

Mozambique is a focus country of the President's Emergency Plan for AIDS Relief (Emergency Plan). In FY 2006, increased Global HIV/AIDS Initiative (GHAI) funding will be provided to expand comprehensive and integrated prevention, care and treatment programs, which are further described in Section I under the heading Global HIV/AIDS Initiative.

Namibia
(\$ in thousands)

Account	FY 2004 Actual	FY 2005 Estimate	FY 2006 Request
CSH	3,965	796	-
DA	6,631	6,152	6,887
GHAI	14,147	34,514	49,132
IMET	-	100	100
Peace Corps	2,092	2,665	2,684

The primary U.S. national interests in Namibia are helping the country fight HIV/AIDS, advancing economic development and trade, and consolidating democracy. Independent for only fifteen years, Namibia is one of Africa's most stable democracies and has one of its most open and promising economies. Namibia's success in addressing the HIV/AIDS crisis and deepening its political, economic, and social progress would enhance regional stability and thereby advance U.S. global interests.

Namibia is a focus country of the President's Emergency Plan for AIDS Relief (Emergency Plan). In FY 2006, increased Global HIV/AIDS Initiative (GHAI) funding will be provided to expand comprehensive and integrated prevention, care and treatment programs, which are further described in Section I under the heading Global HIV/AIDS Initiative.

U.S. trade policy is a great success in Namibia. Economically, the Africa Growth and Opportunity Act (AGOA) is having a substantial impact. In October 2000, Namibia became eligible to receive trade benefits under AGOA, and in December 2001 Namibia was granted AGOA apparel benefits. AGOA has brought Namibia over \$300 million in foreign investment since April 2001 and has created over 9,000 new jobs. At full production, Namibia's apparel companies are projected to export over \$100 million in apparel products to the United States annually. Namibia is a member of the Southern African Development Community (SADC) and Southern Africa Customs Union (SACU). As a member of SACU, Namibia is an enthusiastic participant in the ongoing U.S.-SACU Free Trade Agreement (FTA) talks and is playing a positive role in the Doha Round.

FY 2006 Development Assistance (DA) will enable USAID to continue a trade and investment support program, intended to strengthen Namibia's public and private capacity to engage in negotiations on market access, including the U.S.-SACU FTA, and to benefit more broadly from the ongoing AGOA mechanisms.

DA funds will also initiate a follow-on program to increase the quality of primary education in disadvantaged areas, to help the education sector mitigate the impact of HIV/AIDS, and to expand access to and utilization of information technology. Funding for previous programs created Namibia-specific teaching materials, improved teacher interactions in the classroom, encouraged increased parental and community involvement in the school systems, and developed a strategy to mitigate the impact of HIV/AIDS.

FY 2006 DA funding will also finance continuation of USAID's successful community-based conservation program, and will provide initial funding for new programs to assist rural Namibians to benefit from effective management of a broader set of natural resources, beyond wildlife. Previous funding was instrumental in the establishment of community-based conservancies in several parts of the country, which in turn enabled the resurgence of wildlife, including endangered species. These conservancies have created employment, generated considerable income, and reinforced local democratic institutions, and improved the

status of women. In addition, FY 2006 DA funds will enable USAID to continue programs to assist with the consolidation of Namibia's democratic institutions.

Namibia is eligible in FY 2006 for Excess Defense Articles (EDA) on a grant basis under Section 516 of the Foreign Assistance Act. EDA grants will be used to support Namibia Defense Force (NDF) efforts to undertake peacekeeping operations and respond to regional humanitarian crises. Additionally, International Military Education and Training (IMET) programs will train NDF personnel in democratic values and respect for civilian institutions. In the meantime, Namibia has strong potential as a partner in peacekeeping operations. The country is providing a contingent of 900 peacekeepers to Liberia and has pledged publicly to make a similar contribution to any UN peacekeeping effort in Sudan. Nonproliferation, Anti-terrorism, Demining, and Related Programs (NADR) funds have supported demining and mine-risk education programs in Namibia since FY 1997. While no NADR funds anticipated for FY 2006, an effort continues to support a joint NDF-Namibian Police Explosive Ordnance Disposal (EOD) unit that is expected to make Namibia "mine safe" by FY 2006.

Niger
(\$ in thousands)

Account	FY 2004 Actual	FY 2005 Estimate	FY 2006 Request
IMET	-	100	50
P.L. 480 Title II	8,160	4,916	5,654
Peace Corps	2,735	2,826	3,092

U.S. interests in Niger are democracy, human rights, regional security and countering terrorism. Niger, bounded by Algeria, Libya, Chad, Nigeria, Burkina Faso, Benin and Mali, is 95 percent Muslim and the second poorest country in the world. With its porous borders and impoverished people, Niger is a ready target for anti-Western extremism and a potential crossroads for terrorist activities. Despite this backdrop, however, Niger continues to hold the promise of democracy in a moderate and secular state. Since free and fair elections at the end of 1999, the Government of Niger has made economic reforms and invested in the social welfare of its people. It ended 2004 with successful local and national elections that provided the first peaceful democratic succession in Niger's history. It has publicly supported the war against terrorism. Niger's human rights profile has improved significantly and corruption has decreased markedly since democracy was restored.

U.S. interests are advanced by supporting Niger's democratically elected civilian government with targeted assistance aimed at economic and political development and reform, human survival, social justice, health, and security. Ensuring that Niger's uranium production is not diverted to states of concern is also an important U.S. interest, especially in the war on terrorism and in our efforts to halt the proliferation of weapons of mass destruction.

Niger remains 176th out of 177 countries in UN Development Programme's (UNDP) Human Development Index. Only 17 percent of primary and secondary school aged children enroll in school. Sixteen percent of the population 15 years of age and older can read; only 7 percent of adult women can read. Forty percent of the children in the country are malnourished. Niger also has one of the highest fertility rates (8.1 children per adult woman) and population growth rates (3.2 percent in the region). By 2050 the World Bank estimates that the population of Niger will be second only to Nigeria in Sub-Saharan Africa, and currently 50 percent of the population is under 15 years of age. Living conditions for women and children, two of the most vulnerable sectors of the population, are marginal.

Most of our assistance to Niger is derived from a mix of Africa Regional Economic Support Funds, USAID Title II Food for Peace resources and limited funding from USAID, including through the West Africa Regional Program (WARP). Niger also receives humanitarian assistance from the Department of Defense, and support for democratic systems from the National Endowment for Democracy. State Department's Office for Trafficking in Persons and the U.S. Department of Labor also fund human rights and education projects. The Centers for Disease Control, the U.S. Geological Survey, National Oceanic and Atmospheric Administration (NOAA) and the Environmental Protection Agency (EPA) provide technical assistance to the Government of Niger along with U.S. Universities including Purdue, Michigan State, Alabama A & M and Clark.

In FY 2006, the United States will support a limited military assistance program in Niger. To help professionalize the military and reduce the threat of destabilization to Niger's fragile democracy, a restored International Military Education and Training (IMET) program is designed to reinforce the military's role as a professional institution, subordinate to Niger's democratically elected civilian government. FY 2006 IMET funds will support the continued enhancement of civil-military relations, military justice, and

peacekeeping capabilities. Niger will be eligible in FY 2006 to receive Excess Defense Articles (EDA) on a grant basis under Section 516 of the Foreign Assistance Act. EDA will be used to assist Niger to better control its borders and participate in peacekeeping activities.

Nigeria
(\$ in thousands)

Account	FY 2004 Actual	FY 2005 Estimate	FY 2006 Request
CSH	32,208	26,100	25,138
DA	15,396	14,208	15,590
ESF	4,971	4,960	5,000
FMF	-	496	1,000
GHAI	25,415	81,303	127,200
IMET	-	800	800
INCLE	2,250	2,232	1,000

Nigeria is the dominant economic and political power in West Africa. Nigeria's 140 million people represent 20 percent of sub-Saharan Africa's total population and the country's increasingly restive 60 million Muslim population is about the same size as the Muslim populations in Egypt and Turkey. Our over-arching national interests in Nigeria are promoting democracy and human rights, combating poverty and ensuring that Nigeria is a cooperative partner on issues ranging from regional stability to its importance as a leading supplier of petroleum to the U.S. Only through democratic governance can Nigeria address its ethnic and religious divisions, create an open economic system that will make it a reliable and increasingly important trading partner, and develop as a critical partner in international affairs. Nigeria is the fifth largest source of U.S. oil imports, and disruption of supply from Nigeria would represent a major blow to the oil security strategy of the U.S. Nigeria currently chairs the African Union. Nigeria is a staunch supporter of the global war on terrorism and is an indispensable partner in addressing crises in Darfur, Liberia, and Zimbabwe. Resources are required to address critical economic and political vulnerabilities in Nigeria that directly affect U.S. interests. Assistance supports efforts to increase security and stability in the vulnerable oil-producing Niger Delta region, strengthen Nigeria's governmental and nongovernmental institutions, engage with an increasingly disaffected Muslim population, and promote credible elections during a period when Nigeria's democracy remains extremely fragile. The United States also supports efforts to fight trafficking in narcotics and persons and address Nigeria's vulnerability to financial crime and terrorist finance.

Nigeria is a focus country of the President's Emergency Plan for AIDS Relief (Emergency Plan). In FY 2006, increased Global HIV/AIDS Initiative (GHAI) funding will be provided to expand comprehensive and integrated prevention, care and treatment programs, which are further described in Section I under the heading Global HIV/AIDS Initiative.

National elections in 2003 and local elections in 2004 were marred by reports of serious irregularities and fraud. Nonetheless, these elections marked the nation's first successful transition to a second civilian administration, offering an opportunity to continue to build democratic institutions in preparation for 2007 elections. Continued U.S. support for democracy and governance will be crucial to consolidating democratic gains. We will continue to engage Nigeria's fledgling democratic institutions, including civil society and the media. We will work with Nigeria's electoral bodies to provide technical assistance to prepare for future elections. We will support the rehabilitation of governmental institutions critical to democratic stability, including reform of the justice system and work with state and national legislators.

Cooperation with Nigeria on drug trafficking, international crime, and terrorism has improved since 1999, and U.S. law enforcement agencies have sought greater engagement. Nigeria strongly supports U.S. counter-terrorism efforts and has been at the forefront of African efforts to combat terrorism. Nigeria

remains susceptible to violence, instability and rapidly growing crime. We will work with Nigerian police to professionalize the force, improve basic skills, and promote law and order across the country. Sophisticated and entrenched, Nigerian criminal organizations are transnational in scope and have a direct impact on the United States. Nigerian crime syndicates, many of them linked to narcotics trafficking, cost American victims tens of millions of dollars each year, mostly through financial fraud. Funding will be directed at counternarcotics and financial crime units that are working closely with U.S. law enforcement organizations against transnational crime. FY 2006 International Narcotics Control and Law Enforcement (INCLE) funds will be used to continue interdiction training and technical assistance for the National Drug Law Enforcement Agency. FY 2006 INCLE funds will be used to provide training and technical assistance to the newly created Economic and Financial Crimes Commission (EFCC), as well as INTERPOL and the Special Fraud Unit of the Nigerian Police Force. We will encourage and facilitate the active investigation and prosecution of Nigerian criminals, and work to identify and remedy weaknesses in Nigeria's financial, immigration, and security sectors. Our programs will help Nigerian law enforcement and judicial system personnel train and develop professional relationships in the United States to disrupt narcotics trafficking.

Nigeria ranks high among the countries most affected by corruption. We will use INCLE funds to support efforts to root out corruption at all levels. Nigeria is a G8 Transparency/Anticorruption Compact Country and the United States will contribute to G8 support for Nigerian programs focused on increasing budget transparency and improved fiscal performance.

Nigeria faces many critical human rights issues. In the Niger Delta, disputed access to vast oil wealth has provoked an escalating cycle of violence. We will use Economic Support Funds (ESF) to continue work with local groups, including governmental and non-governmental organizations, and the private sector to develop conflict resolution mechanisms. In the North, Sharia courts continue to issue harsh sentences such as amputation or death by stoning. We will use FY 2006 ESF and other resources to work with the judiciary and local and international human rights groups to address concerns about these punishments. We will also use FY 2006 ESF to support preparations for 2007 National elections, focusing on capacity building for Nigeria's Independent National Election Commission (INEC) and training for domestic nongovernmental organization election observers and political party representatives.

FY 2006 Development Assistance (DA) and Child Survival and Health (CSH) funding will address policy and institutional impediments to economic growth and will strengthen basic education, enhance agricultural productivity, and expand health infrastructure. Democracy and governance programs will strengthen the National Assembly, state and local government structures, the Independent National Electoral Commission, and civil society. We will support economic reform and agricultural development by focusing on improved economic management, privatization, greater access to micro-finance, and environmental sustainability. DA will help improve primary education through better educational management information, skills and vocational training, and teacher training. Since more than one million Nigerian children die from preventable diseases each year, we will support programs to promote the health of women and infants and improve basic health care.

Nigeria's success in peacekeeping missions in Sierra Leone and Liberia was due in part to support and training from the United States under the Operation Focus Relief Program completed in 2001. Assuming no legislative restriction, we are requesting funds to promote military subordination to civilian rule, improve respect for human rights, build expectations of accountability, and reinforce a positive role in peacekeeping. International Military Education and Training (IMET) programs will emphasize improved accountability; training will consolidate the Nigerian military's position under civilian authority, improve professionalism and enhance its regional peacekeeping capabilities. Nigeria is eligible in FY 2006 to receive Excess Defense Articles (EDA) on a grant basis under Section 516 of the Foreign Assistance Act. Provision of grant EDA will support Nigeria's participation in peacekeeping operations.

Foreign Military Financing (FMF) will be used to help Nigeria improve military management and training. FMF will strengthen the Armed Forces Staff College/Infantry Center and the school's simulation center, train teams in counter-terrorism and peacekeeping, build military justice capacity, and provide C130 technical support to enhance air mobility. ESF will complement these efforts through civilian democratic institutions responsible for oversight of the military, including the National Assembly. Nigeria remains eligible for trade benefits under the African Growth and Opportunity Act. Taking advantage of this opportunity will promote economic growth, increasing stability in Nigeria and the region.

Republic of the Congo

(\$ in thousands)

Account	FY 2004 Actual	FY 2005 Estimate	FY 2006 Request
IMET	27	110	100
P.L. 480 Title II	-	618	-

U.S. national interests in the Republic of the Congo (ROC) are democracy and human rights, economic prosperity, including good economic governance of the country's significant oil resources, and protection of its unique and precious environment. An associated goal is mutual understanding and raised awareness of American values, such as respect for freedom of the press and association, educational reform, and HIV/AIDS awareness. To achieve these and other U.S. performance goals, diplomatic facilities destroyed during the civil war are in the process of being identified.

The Republic of Congo continues its fragile transition to a peacetime society. A six-year period of instability that included a civil war and major instability from 1996-2001 left the country's infrastructure and population devastated. Reconstruction from the war remains a long-term task. Voters approved a new constitution in January 2002 and President Sassou-Nguesso won the elections held in mid-2002, although administrative irregularities were reported. A 2003 peace agreement with the remaining rebel faction ended major conflict and has led to increased stability and economic development in urban areas. But a small segment of the war-torn Pool Region continues to suffer from armed bandits and piracy at times affecting the major rail system in the region and causing intimidation and harassment of the local population.

Improvements in governance and efforts to ensure transparency in the oil sector have contributed to economic stabilization in the ROC and the approval of a concessional loan arrangement in December 2004 and subsequent debt treatment by the Paris Club that same month. The international financial community will be monitoring the ROC's performance under the International Monetary Fund (IMF) arrangement and its commitment to economic reform. A January 2005 cabinet reshuffle has shaken the confidence of some donors in this regard. U.S. investments are largely in the oil industry, but further diversification of the economy is necessary to sustain economic growth. Mutual understanding and raised awareness of American values are promoted through American Corners (a U.S. - UN Development Programme education center), U.S. speakers, bilateral meetings, girls' scholarships, and workshops on a variety of subjects including democratic principles, human rights, HIV/AIDS, and civil-military relations. To help ensure stability, past Africa Regional Economic Support Funds (ESF) have been used to support election planning, provide training in legislative affairs for the new legislature, and develop environment projects in synergy with the President's Congo Basin Forest Partnership (CBFP) initiative.

FY 2006 International Military Education and Training (IMET) funds will support courses in the English language, civil-military relations, human rights, and military professionalization. Such programs enhance regional stability and facilitate beneficial cooperation between the USG-ROC militaries. The ROC is eligible in FY 2006 to receive Excess Defense Articles (EDA) on a grant basis under Section 516 of the Foreign Assistance Act.

The Republic of the Congo is eligible to receive trade benefits under the African Growth and Opportunity Act (AGOA).

Rwanda
(\$ in thousands)

Account	FY 2004 Actual	FY 2005 Estimate	FY 2006 Request
CSH	13,300	4,850	4,900
DA	5,871	5,480	5,121
GHAI	16,382	39,938	74,765
IMET	298	225	225
P.L. 480 Title II	14,579	11,373	14,314

The primary U.S. national interests in Rwanda include: 1) Rwandan support for regional peacekeeping operations (i.e. Darfur); 2) diplomatic engagement with neighboring states, especially Congo, through the U.S. initiated tripartite mechanism, UN and other efforts to bring peace to Central Africa; and 3) promoting democracy and human rights, as well as HIV/AIDS prevention and education. U.S. programs aim at aiding Rwanda in its recovery from the genocide (which claimed an estimated 800,000 lives in 1994) by helping to create the political, economic, and social conditions that will lead to development of a prosperous society, embracing democratic governance and respect for human rights. These programs focus on promoting practices that combat corruption and improve transparency and accountability at all levels of government and in the private sector.

The United States implements a variety of political, humanitarian, and economic programs that support U.S. interests in aiding Rwanda's transition to sustainable development and securing regional peace and stability in Africa's Great Lakes region.

Rwanda is eligible to receive trade benefits under the African Growth and Opportunity Act. Rwanda is also eligible to receive debt relief under the enhanced Highly Indebted Poor Countries (enhanced HIPC) initiative. Based on the fact that Rwanda has made significant progress in meeting HIPC completion targets, it is likely that Rwanda will receive favorable consideration for debt relief in 2005 under this initiative, assuming Rwanda meets the political requirements for debt relief under HIPC relating to human rights, military expenditures, terrorism, and narcotics. FY 2006 Development Assistance funds (DA) will finance ongoing activities to promote democracy, good governance, human rights, and economic growth. DA will also support agriculture projects in rural areas to improve food security in a country where 90 percent of the population earns their living through farming.

Rwanda is a focus country of the President's Emergency Plan for AIDS Relief (Emergency Plan). In FY 2006, increased Global HIV/AIDS Initiative (GHAI) funding will be provided to expand comprehensive and integrated prevention, care and treatment programs, which are further described in Section I under the heading Global HIV/AIDS Initiative.

Nonproliferation, Anti-terrorism, Demining, and Related Programs – Humanitarian Demining (NADR-HD) funds supported humanitarian demining efforts in Rwanda between FY 1997 and FY 2003, ensuring the continued expansion of safe land for resettlement, agriculture, and cattle grazing. As a result, the reported number of landmine victims decreased to zero in 2003.

Assistance to Rwanda's military in FY 2006, will continue to be conditioned upon its abstention from negative military involvement in neighboring countries. Assuming a positive evolution in these areas, FY 2006 International Military Education and Training (IMET) programs will focus on developing the professionalism of the Rwandan military, with particular emphasis placed on expanded IMET courses designed to promote respect for human rights and civilian control of the military, military justice, and

improved civil-military relations. In addition, Rwanda is eligible in FY 2006 to receive Excess Defense Articles (EDA) on a grant basis under Section 516 of the Foreign Assistance Act. Provision of grant EDA will help Rwanda to continue its participation in international peacekeeping operations.

Rwanda's mortality rate is one of the highest in Africa (1,071 per 100,000 live births). The vast majority of women (71 percent) receive no post-natal care within the month following childbirth. The infant mortality rate also remains high at 110 per 1,000 live births. One child out of five does not live to age five. Malaria continues to be the primary cause of death among Rwandan children. Only 6.6 percent of Rwandan households have a bednet and among those households with children under five, only 68 percent report that all the children sleep under these nets. Diarrhea and respiratory disease are also leading causes of death among the child population.

Child Survival and Health (CSH) funding enables USAID to support health interventions that will provide twice as many prenatal and postnatal consultation services compared with non-USAID target areas. Approximately 60 percent of all households in target provinces are expected to use insecticide treated nets (ITNs) thereby helping to reduce the incidence of malaria and other mosquito borne diseases.

Sao Tome and Principe

(\$ in thousands)

Account	FY 2004 Actual	FY 2005 Estimate	FY 2006 Request
IMET	188	200	200
NADR-SALW	50	-	-

The primary U.S. national interests in Sao Tome and Principe (STP) are democracy, human rights, mutual understanding, and economic prosperity and security, all of which help promote regional stability. U.S. efforts focus on enhancing political stability to preserve one of the most exemplary democracies in Africa, as well as on the preservation of STP's human rights record, which is given high ratings by international organizations. Support of the Voice of America facility and its operations provides long-range broadcasting access to promote American values and understanding of U.S. views and culture. In the coming decade, U.S. companies will increase their already substantial investments in the development of the vast petroleum resources in Sao Tome's territorial waters.

In Sao Tome and Principe, open, free, and transparent elections have characterized political life since the introduction of a multiparty system and the first democratic presidential election in 1991. The administrative system for elections, however, remains weak. In July 2003, some members of the military supported a coup attempt that was resolved through successful talks between the rebels and a multinational negotiating team, including the United States, to preserve good governance and democratic practices.

STP is one of the poorest and most heavily indebted nations in Africa. It is suffering a fiscal crisis which, coupled with its large balance of payments deficit, could undermine its stability. The discovery of large oil reserves in STP's coastal waters should dramatically change the government's fiscal situation and revenue base and make STP a major player in the economically and strategically important Gulf of Guinea. However, expectations of oil wealth are unduly high, as oil production will not commence for several years. We continue to promote American investment in STP and support STP's attempts to ensure transparency in the oil sector. We are also working with the government to help ensure that STP's oil resources and subsequent earnings are appropriately utilized to ensure sustained economic growth to benefit all the population. STP was recently named as a Millennium Challenge Account Threshold country.

In FY 2006, International Military Education and Training (IMET) programs will provide training in military leadership skills, military justice, English language capability, and professional development in the Sao Tome military. Such professionalization is vital to help preserve STP's democratic institutions. IMET programs will also support security measures for STP's territorial waters.

Sao Tome and Principe is eligible in FY 2006 to receive Excess Defense Articles (EDA) on a grant basis under Section 516 of the Foreign Assistance Act. EDA equipment requested under this program will be used, for example, to bolster the coastal security program to help protect Sao Tome's critical natural resources and its democratic political system.

Sao Tome and Principe is eligible to receive trade benefits under the African Growth and Opportunity Act. STP is also defined as a Heavily Indebted Poor Country (HIPC), but it must re-engage with the International Monetary Fund (IMF) before it is eligible to receive debt relief under the enhanced Heavily Indebted Poor Countries initiative.

Senegal
(\$ in thousands)

Account	FY 2004 Actual	FY 2005 Estimate	FY 2006 Request
CSH	14,675	14,775	14,075
DA	13,896	9,735	10,548
FMF	737	496	500
IMET	1,188	1,100	1,100
NADR-HD	112	-	-
P.L. 480 Title II	275	2,363	3,161
Peace Corps	3,448	3,762	3,801

Senegal is the United States' most important Francophone partner in sub-Saharan Africa. Our national interests there include expanding democracy and human rights, promoting economic prosperity and the rule of law, and combating terrorism. As a regional democratic and military leader, Senegal plays a key role in U.S. efforts to promote regional peace. Senegal consistently supports U.S. foreign policy initiatives and calls for moderation in multilateral and Islamic organizations. Senegal has been at the forefront of Africa's response to African and global terrorism, actively lobbying other African and Islamic countries to take concrete steps in the fight against terror. Senegal displays a high level of military professionalism. A participant in the African Contingency Operations Training and Assistance (ACOTA) Program, Senegal contributes troops to United Nations peacekeeping forces in Cote d'Ivoire, Liberia, and the Democratic Republic of the Congo, as well as the African Union mission in Sudan.

U.S. assistance increases Senegal's regional influence as a stable, participatory democracy in a region plagued by instability. U.S. assistance supports market-based economic reforms as Senegal continues to privatize key sectors of its economy, boosts transparency in government, increases professionalism and effectiveness of the military, and relieves human suffering resulting from extreme poverty and lack of essential infrastructures in urban and rural areas.

Senegal has few natural resources and a high annual population growth rate of 2.7 percent. Historically the country has offered a poor investment climate and suffered from high urban unemployment. To encourage economic growth, Development Assistance (DA) funds will help to start and operate a business and build trade capacity, particularly for nontraditional agricultural and natural products. FY 2006 funds will be used to improve the effectiveness, transparency and accountability of local governments as well as broaden political participation. The USAID health program, using Child Survival and Health (CSH) funds, targets HIV/AIDS prevention and treatment and improvement of the health of women and children, particularly through reduction in malaria and other infectious diseases. The USAID basic education program, in collaboration with the Africa Education Initiative, will increase the number of children, especially girls, who complete middle school.

In late 2004, Senegal was chosen as one of 16 countries eligible for support under the Millennium Challenge Account (MCA) and is eligible to compete for both FY 2004 and FY 2005 MCA funding.

Africa Regional Economic Support Funds (ESF) will support efforts to enhance Senegal's ability to monitor and investigate suspicious financial transactions related to terrorism finance, money laundering, or organized crime.

In FY 2006, International Military Education and Training (IMET) courses will improve the Senegalese military's ability to participate in regional and international peacekeeping operations while continuing to

train participants in professionalism and civilian-military relations. IMET courses will complement Senegal's participation in the ACOTA Program and in African Center for Strategic Studies' seminars. ACOTA-funded peace support exercises at the brigade level, which are held between staff from Senegal's military headquarters and third-country battalion staff, aim to improve interoperability between multinational forces.

FY 2006 Foreign Military Financing (FMF) funds will enhance the ability of Senegal's military to conduct peacekeeping operations and maintain the skills they have acquired through ACOTA training. Funds are intended to help improve Senegal's ability to contribute to regional missions, to communicate, to secure its borders and coastline, and to maintain previously provided U.S. equipment.

Senegal is eligible in FY 2006 to receive Excess Defense Articles (EDA) on a grant basis under Section 516 of the Foreign Assistance Act. Provision of grant EDA will enhance Senegal's capabilities to participate in international peacekeeping activities.

Senegal remains eligible for trade benefits under the African Growth and Opportunity Act (AGOA). Taking advantage of trade opportunities under AGOA will further boost Senegal's economic growth and provide employment opportunities, increasing stability in Senegal and the sub-region of West Africa. Senegal, a member of both ECOWAS and the African Union, reached its completion point under the Heavily Indebted Poor Countries Initiative in April 2004. This achievement resulted in a dramatic reduction in Senegal's bilateral debt obligation to the United States and other creditors.

Seychelles
(\$ in thousands)

Account	FY 2004 Actual	FY 2005 Estimate	FY 2006 Request
IMET	98	100	100

The United States' primary national interests in the Seychelles, an island nation in the Indian Ocean, are fostering democracy and respect for human rights, promoting economic development, and securing the government's continued help in the war on terrorism. The United States also seeks improvements in the Seychelles' law enforcement and environmental protection mechanisms. The Seychelles supports the United States in the war on terrorism and has offered its support and facilities to the U.S. military. U.S. naval vessels make 20-25 port calls a year to the Seychelles.

The Seychelles economy, despite enjoying one of the highest per capita incomes in Sub Saharan Africa, has undergone a steep decline in recent years. Seychelles suffers from a chronic shortage of foreign exchange and government mismanagement has lead to negative economic growth. The economy is primarily based on tourism, although there has been a recent downturn in this sector. Seychelles is eligible to receive trade benefits under the African Growth and Opportunity Act (AGOA). Its manufacturing sector, while neither extensive nor diversified, is growing modestly. The economy suffers from lack of foreign exchange and a downturn in tourism. In his presentation of the 2005 budget report on November 30, 2004, President James Michel presented measures aimed directly at creating a more business-friendly environment. AGOA, if used effectively, can help to attract investment.

The Government of Seychelles has been a consistent supporter of the USG in the global war on terrorism. In FY 2006, International Military Education and Training (IMET) funded courses will contribute to developing a professional military and respect for civilian rule by providing training in civil-military relations and other specialized issues. IMET-funded courses will include instruction on human rights, military justice, officer professionalism, defense resources management, and coastal security. The program will allow the United States to maintain military-to-military contact with Seychelles, a country in which the United States does not have a resident diplomatic presence, with the exception of a joint Embassy and CENTCOM Consular Assistant in Victoria, Seychelles, who is responsible for Consular Services and acts as a local liaison for naval ship visits.

The Seychelles is eligible in FY 2006 to receive Excess Defense Articles (EDA) on a grant basis under Section 516 of the Foreign Assistance Act. Provision of grant EDA will support the Seychelles' counter-narcotics maritime activities and coastal security efforts.

Sierra Leone

(\$ in thousands)

Account	FY 2004 Actual	FY 2005 Estimate	FY 2006 Request
CSH	100	400	400
DA	3,685	4,600	3,269
ESF	4,971	5,952	5,000
IMET	416	300	325
P.L. 480 Title II	12,953	6,644	8,455

The primary U.S. interest in Sierra Leone is consolidation of the peace that has been established by massive intervention from the international community in a region marked by considerable instability. U.S. assistance supports a United Kingdom-led international effort to prevent a recurrence of the lawlessness and brutal violence that has produced thousands of deaths and injuries, war crimes, and hundreds of thousands of refugees. Broad U.S. goals are to help foster an environment in which the Government of Sierra Leone (GOSL) can control its territory, protect its citizens, provide for legal exploitation of the country's resources for future economic development, and promote the rule of law in a civil, democratic society.

Sierra Leone continued to be peaceful in 2004. The U.N. Mission in Sierra Leone (UNAMSIL) handed over responsibility countrywide to the Sierra Leone Armed Forces (RSLAF) and Sierra Leone Police (SLP) and continued to withdraw its forces, which by year's end numbered approximately 4,000 (down from a high of 17,000). In May, the first local government elections in 32 years were held in 311 wards nationwide. The Truth and Reconciliation Commission (TRC) completed public hearings to air the grievances of victims and the confessions of perpetrators from the civil war and released its final report on October 5. In 2004, the Special Court of Sierra Leone (SCSL) war crimes tribunal began trials of three Civil Defense Force (CDF) indictees and three Revolutionary United Front (RUF) indictees. The trial for the Armed Forces Revolutionary Council (AFRC) indictees is scheduled to begin in early 2005.

The sustainability of peace within Sierra Leone and the region rests on the success of the "relief-to-recovery" process. U.S. assistance will address some internal threats to Sierra Leone's long-term stability such as poor governance, lack of effective popular participation in government, and widespread corruption. These conditions, combined with the effects of the war, led to the collapse of most of Sierra Leone's institutions and a near total loss of confidence in government. Revitalizing Sierra Leone's economy and society will require years of determined effort. The Anti-Corruption Commission (ACC) has worked diligently against corruption and has received support from the Government in its efforts. A backlog of cases has decreased and the President pushed the Commonwealth Special Prosecutors' presence in ACC through Parliament, but convictions of high-level government officials for corruption still elude the ACC. Stability in neighboring Liberia and Guinea also has a significant impact on Sierra Leone. Prospects for stability in Liberia have improved with the departure of Charles Taylor and the deployment of peacekeeping forces; however, there were reports that Taylor continues to interfere in Liberian affairs from his exile in Nigeria. The potential for increasing instability in Guinea could threaten gains in Sierra Leone.

FY 2006 Development Assistance (DA) and Economic Support Funds (ESF) will be used to provide social, economic and physical support to further solidify the ongoing reintegration process. Efforts are shifting from relief activities such as basic infrastructure rehabilitation and feeding programs to programs that boost agricultural production and increase employment skills and opportunities, such as agricultural extension, marketing, and entrepreneurial training. USAID will also continue efforts aimed at broadening participation of local communities and interest groups in key national and local issues such as the utilization of Sierra Leone's diamond resources, the provision of social services, and putting an end to corruption.

During FY 2005, USAID will scale up efforts to focus on youth and gender issues designed to reduce violence, promote community healing, and safeguard human rights. The program will also increase emphasis on training politicians at the local and national levels in constituency relations, improved governance, and anticorruption. Advocacy training for civil society organizations will also receive increased emphasis.

The International Military Education and Training (IMET) program in FY 2006 will help to rebuild the military and reinforce democratic values as well as support improvement of Sierra Leone's military justice system and civil-military relations. The program will focus on professional military training for senior military officers and on technical assistance in defense resources management.

Sierra Leone will be eligible in FY 2006 to receive Excess Defense Articles (EDA) on a grant basis under Section 516 of the Foreign Assistance Act. Assuming continued progress with the peacekeeping mission, grant EDA may be provided to support the ongoing rebuilding and restructuring of Sierra Leone's armed forces.

Child Survival and Health (CSH) funds will be used to help prevent the spread of polio in Sierra Leone by providing financial support to the World Health Organization's (WHO) Polio Eradication Program. Sierra Leone is also eligible to receive benefits provided under the African Growth and Opportunity Act (AGOA), which provides greater access to the U.S. market as a means of enhancing U.S. economic engagement with eligible African countries and supports sustainable economic development. Necessary regulations and procedures to enable Sierra Leone to make use of AGOA-based trade are in place, and Sierra Leone has applied for Category 9 textile visa status allowing it to export hand-made and folkloric textiles to the United States.

Sierra Leone is also a Heavily Indebted Poor Country (HIPC). Under the enhanced HIPC initiative, it qualified for phased debt relief from its Paris Club creditors, including the United States, in July 2002. Sierra Leone could qualify for reduction of its external debt stock under HIPC if it establishes and maintains a track record of good performance under its International Monetary Fund (IMF) Poverty Reduction and Growth Facility.

Sierra Leone is a member of the Economic Community of West African States (ECOWAS), the African Union, and the (mostly inactive) Mano River Union.

Somalia
(\$ in thousands)

Account	FY 2004 Actual	FY 2005 Estimate	FY 2006 Request
CSH	100	100	300
DA	899	5,000	986
P.L. 480 Title II	22,836	9,361	-

United States interests in Somalia include national security and counter-terrorism, democracy, human rights, and humanitarian assistance. U.S. policy goals include eliminating the terrorist threat in Somalia, preventing its use as a terrorist base, and overcoming the long-term governance challenges exploited by terrorists in Somalia. In the absence of a national government and institutional capacity in Somalia, U.S. assistance seeks to contribute to the country's socio-economic recovery and create an enabling environment for long-term institutional and policy change.

Somalia has lacked a central government since the collapse of the Siad Barre regime in 1991 and continues as the longest-running example of complete state failure in the post-Cold War era. Also in 1991, the former British colony of Somaliland, located in northwest Somalia, proclaimed its independence from Somalia and declared itself the "Republic of Somaliland," but has thus far failed to achieve international recognition. Several other political and military entities also currently exist, including the semi-autonomous region of Puntland in northeastern Somalia. The United States currently does not recognize any Somali government, although it maintains informal contact with various local and regional authorities. However, the formation of a transitional governing entity, following the conclusion of the Somalia National Reconciliation Conference led by the Intergovernmental Authority on Development (IGAD) in October 2004 could provide an opportunity for increased U.S. engagement in Somalia in FY 2006 following a continued process of reconciliation and dialogue in Somalia.

Despite efforts by the United States and other donor countries, the underlying problem in Somalia continues to be the lack of an effective central governing authority and lack of real reconciliation inside Somalia, without which Somalia will be unable to confront terrorism issues or effectively promote economic development in the region. In this regard, the United States continues to support ongoing efforts towards Somali reconciliation and will continue to work with local and regional authorities and other states in the region to promote national dialogue and the establishment of effective governance inside Somalia.

Somalia's economy, largely based on nomadic pastoralism, is largely underdeveloped. Alternating droughts and floods, combined with endemic strife, have seriously reduced productivity and threaten widespread starvation. Hundreds of thousands of Somalis live as refugees in neighboring countries, especially Kenya, and many others are internally displaced. Foreign assistance and remittances from overseas are Somalia's primary sources of income. Livestock, one of Somalia's principal exports, is largely banned from major regional markets in the Arabian Peninsula due to the lack of veterinary certifying capabilities for Rift Valley Fever. There is little infrastructure and a near-total lack of institutional capacity. This situation provides a fertile ground for international terrorism and lawlessness. The assets of two organizations active in Somalia, al-Ittihad al-Islami (AIAI) and the al Barakaat remittance company, were frozen following President Bush's executive order of September 23, 2001, due to their links to terrorist groups. Despite the lack of a central government, however, a nascent private sector has emerged in Somalia, including a thriving telecommunications industry and a recently established Coca-Cola factory in Mogadishu.

Widespread insecurity and the absence of legitimate governance in most of Somalia's territory, combined with a shortage of information resulting from the lack of a U.S. presence in Somalia, complicates U.S.

engagement. In this context, we will continue to provide Development Assistance (DA) funds in FY 2006 through non-governmental and international organizations aimed at increasing the number of self-sustainable civil society organizations that contribute to good governance and peace building with cooperative, productive linkages with regional and local authorities. The United States also supports political party development in Somaliland and the transitional peace process. FY 2006 Child Survival and Health (CSH) funds will build on past efforts to strengthen civil society groups focused on maternal health, water and livelihood security. The United States will work with Somali civil society organizations to build their organizational and financial management capacity, improving their links and relationships with local government and supporting interventions in selected sectors. These programs help to address Somalia's multitude of economic and developmental problems.

FY 2004 Africa Regional ESF was used to support the Somalia National Reconciliation Conference, including conflict resolution programs and civil society programs in support of the reconciliation process, and to strengthen civil society and public participation in the political process in Somaliland. FY 2005 ESF will be used to improve and expand basic and university education in Somalia, with a focus on religious and ethnic tolerance. FY 2006 Africa Regional ESF will support peace building, civil society, capacity building and conflict resolution programs in Somalia, including Somaliland.

South Africa

(\$ in thousands)

Account	FY 2004 Actual	FY 2005 Estimate	FY 2006 Request
CSH	31,028	5,328	5,178
DA	29,398	26,160	28,614
ESF	1,988	992	1,300
GHAI	31,787	101,859	150,698
IMET	-	50	50
INCLE	1,770	1,756	600
NADR-EXBS	-	25	50
Peace Corps	3,114	3,276	3,431

South Africa is the cornerstone of regional stability and the leading catalyst for economic growth in southern Africa because of its globally integrated and resource-rich economy, prominent diplomatic profile, and ability to project limited military force beyond its borders. The United States has major interests in South Africa's continuing development as a stable, democratic, and market-oriented state that can address its major internal challenges (the HIV/AIDS pandemic, joblessness, income inequality, crime, and race relations) and maintain an active peacekeeping role in Africa. South Africa is a cooperative partner of the United States in addressing terrorist and international criminal threats, nonproliferation, and regional instability, although South Africa opposes some U.S. policies in international fora. The government has focused on Black Economic Empowerment (BEE) initiatives as one element of policies to address the economic legacy of apartheid while working to maintain a good investment climate for domestic and foreign investors. By contributing to South Africa's economic development, the United States helps ensure the durability of the market-based model in southern Africa and sustains an open door for enhanced U.S. trade and investment in the region. FY 2006 Economic Support Fund (ESF) resources will be used to partner with non-governmental entities in South Africa to address the social, political, and economic legacies of apartheid. Areas of attention will include support for projects to bolster legal and fair processes of land reform, advance interracial and interfaith tolerance, enhance private citizens' access to government and to promote economic growth and job creation. They will also be used to support South Africa-situated African Union training for post-conflict reconstruction and development.

South Africa has the world's largest populations of AIDS victims and AIDS orphans, and an adult HIV prevalence estimated at 21 percent. The USG, along with the South African Government and other donors, are applying increasing resources to the challenge to prevent this pandemic from undermining South Africa's development efforts. South Africa is a focus country of the President's Emergency Plan for AIDS Relief (Emergency Plan). In FY 2006, increased Global HIV/AIDS Initiative (GHAI) funding will be provided to expand comprehensive and integrated prevention, care and treatment programs, which are further described in Section I under the heading Global HIV/AIDS Initiative. Child Survival and Health (CSH) programs will continue to focus on building primary health care delivery capacity and curbing tuberculosis. A joint Department of Defense-National Institutes of Health (DOD-NIH) program in FY 2006 will continue to help the South African National Defense Force (SANDF) deal with the HIV/AIDS challenge to the armed forces. During FY 2004, among other projects, ESF resources were used to support improved public sector hospital management at the largest hospital in South Africa, the Chris Hani Baragawanath Hospital in Soweto, Johannesburg.

The United States also has a clear interest in helping South Africa address serious local and international organized crime problems, as well as the related threat of terrorist activity. The country's developed economy and financial institutions, coupled with incomplete or under-funded regulatory and policing

powers, have left it vulnerable to crime syndicates and potentially to terrorists. The South African Government has requested USG assistance to help it address international organized crime and potential terrorist threats, and our governments together have identified the following priorities for continuing assistance in FY 2006: border controls, counternarcotics, youth and domestic violence, sex crimes, organized crimes, major case management, corruption, and money laundering. In all of these areas, FY 2006 International Narcotics Control and Law Enforcement (INCLE) resources will be used to assist in building South African judicial and law enforcement capacity to deal effectively with serious crime problems.

Education is another high priority for U.S. assistance to South Africa, with the long-term objective of enhancing workforce development. Through USAID programs in curriculum reform and implementation, teacher training, and institution strengthening, FY 2006 Development Assistance (DA) will continue to support South African Government efforts to overcome the legacy of substandard-to-nonexistent schools, books and teachers serving the black majority. Rapidly improving the now integrated primary and secondary school system is essential if South African workers are to compete successfully under the free market model their government has embraced.

FY 2006 DA will continue to focus on and support South Africa's efforts to strengthen and consolidate democracy, with special emphasis on strengthening the criminal justice system, democratic and effective local governance, and civil society/government partnerships. USAID programs will promote the empowerment of women, establish effective local government and rule of law, and make the judicial system more accessible to and representative of the majority of the population through institutional and policy support to the Ministry of Justice. FY 2006 DA programs will also support private sector development as well as the expansion of basic municipal services, including water and sanitation. To date, over three million low-income households have benefited from USG-facilitated home loan guarantees or enhanced services.

USG-provided technical assistance is helping small, medium and micro-enterprises in South Africa succeed and in many cases expand their workforce. One aspect of this effort is to help South Africa take greater advantage of the important trade benefits presented by the African Growth and Opportunity Act (AGOA). USAID-facilitated technical assistance and finance for historically disadvantaged farmers and agribusinesses are also strengthening South Africa's agricultural sector.

South Africa's military will continue to be an important resource for conflict resolution and peacekeeping in Africa. South Africa will be eligible to receive Excess Defense Articles (EDA) on a grant basis under Section 516 of the Foreign Assistance Act. Grant EDA would support South Africa's peacekeeping activities and enhance our cooperative relationship. International Military Education and Training (IMET) assistance will be used to further transform its defense force into a professional military cognizant of human rights considerations and subject to civilian control by the government. As in previous years, this would include sponsoring training at U.S. command and staff colleges, and focus on peacekeeping, flight safety, and medical/health issues, such as prevention and treatment of HIV/AIDS. EDA C-130s from FY 1996, as well as FY 2002 and FY 2003 FMF and Peacekeeping Operations (PKO) funds, were used to support South Africa's mission in Burundi.

As part of its efforts to prevent the proliferation of weapons of mass destruction, their delivery systems, related technologies, and other weapons, the United States is providing Non-proliferation, Anti-terrorism, Demining and Related Programs - Export Control and Related Border Security (NADR-EXBS) funds for a cooperative program to help establish a fully effective export control system in South Africa.

Sudan
(\$ in thousands)

Account	FY 2004 Actual	FY 2005 Estimate	FY 2006 Request
CSH	11,500	16,000	19,000
DA	50,263	70,000	-
ESF	10,941	19,840	20,000
IDFA	-	17,856	-
IDFA-SUP	90,000	-	-
IMET	-	-	50
NADR-HD	2,858	2,500	3,000
NADR-SALW	-	300	300
P.L. 480 Title II	265,368	104,323	-
PKO	-	74,400	-
PKO-SUP	5,000	-	-
TI	-	-	70,000

The primary U.S. national interest in Sudan is to ensure that the country never again becomes a base for terrorist activity and that our national values-based agenda of a just peace in Sudan is brought to fruition. Operationally, this places particular emphasis on national security and law enforcement (including counterterrorism), regional stability, democracy and human rights, and humanitarian response. Given Sudan's size, potential oil and resource wealth, and location in the volatile Horn of Africa, full implementation of the North-South comprehensive peace agreement, including in Darfur, is important to U.S. national interests in the region. The agreement, signed on January 9, 2005 in Nairobi, Kenya, ends a 22-year civil war and marks a potentially pivotal turning point in Sudan's future if implemented fully.

The United States is generally pleased with the Government of Sudan's cooperation on counter-terrorism, though some concerns remain due to the presence of representatives of terrorist groups such as HAMAS and Palestine Islamic Jihad. Persons based in Sudan continued to provide limited support to the Lord's Resistance Army (LRA), a Ugandan terrorist group, though the government asserts that it does not provide such support. In fact, the Government of Sudan permitted the Ugandan government to enter Sudanese territory in pursuit of the LRA. Nevertheless, Sudan remained on the list of state sponsors of terrorism at the end of 2004.

Civil war, coupled with frequent drought, was the primary cause of the long-term humanitarian crises that have required over \$1.3 billion in humanitarian assistance from the United States. The violence in Darfur that began in 2003 has displaced over 2 million people and necessitated over \$300 million in U.S. humanitarian assistance so far. An emergency \$74.4 million Peacekeeping Operations (PKO) appropriation in FY 2005 is being used to support logistics and accelerated base camp setup for the African Union's ceasefire monitoring mission in Darfur, expected to total 3,320 personnel when fully deployed. This pervasive human suffering and its contribution to regional instability have necessitated continued action and involvement by the United States.

Ensuring an end to the violence in Darfur and full implementation of the comprehensive North-South peace agreement without compromising Sudan's counter-terrorism (CT) cooperation are top priorities for the United States and the international community. Reconstruction and development in Sudan, particularly southern Sudan, are also high priorities that will need adequate support if the implementation process is to be successful. Strong support of this process is necessary to promote stability, prosperity, and democracy

throughout a unified Sudan. This will contribute to stability in the strategic Horn of Africa and send a clear, positive message to the people of the Middle East, Africa, and throughout the world that the most intractable of conflicts can be resolved through peaceful negotiation.

To consolidate peace, it will be necessary to build security institutions in the armed forces and police that are more professional, smaller in size, and more representative of the whole country. In FY 2006, AF Regional Peacekeeping Operations (PKO) and International Military Education and Training (IMET) funds will be used to transform the Sudan Peoples' Liberation Army from a guerilla to conventional military force and help ease its integration into the national army. To support security sector reform efforts, IMET courses will focus on civil-military relations, defense resources management, military justice and English language training.

Non-proliferation, Anti-terrorism, Demining and Related Programs – Humanitarian Mine Action (NADR-HD) resources will be used in FY 2006 to provide Mine Risk Education (MRE), clearance of mined roads to enable refugees and internally displaced persons (IDPs) to return safely to their homes, and to develop an indigenous humanitarian de-mining capacity to make the country mine safe by FY 2009. NADR Small Arms and Light Weapons (SALW) Destruction funds will support the destruction of SALW circulating and hidden in caches around the country after decades of conflict.

Economic Support Funds (ESF) will be required in FY 2006 to continue support of the mechanisms that will monitor compliance and implementation of the peace agreement begun in FY 2005. At a minimum, this will include support to the international bodies responsible for holding the parties accountable for full implementation of the agreement, and support to the Commissions called for in the peace accord (constitutional, electoral, judicial, civil service). Ensuring real political change in Sudan will only be accomplished by reintroducing repressed political voices into Sudan's closed political institutions. ESF will be essential for training support to opposition political parties and to assist in the wide-scale preparation and international monitoring of Sudan's elections. Darfur will also be a priority, particularly in supporting reconciliation programs to prevent the recurrence of violent flare-ups.

With Sudan on the verge of a historic transition from war to peace, the FY 2006 funds will be used to further peace reconciliation efforts, build economic and social capacities of institutions and people, and develop infrastructure. In FY 2006, USAID proposes to shift funding previously budgeted under the Development Assistance (DA) account to the Transition Initiatives (TI) account in recognition of the fragility of Sudan's transition out of civil war to peace. The decision was based on the need for short-term results and resource and operational flexibility to help consolidate the peace agreement and to respond to opportunities the peace presents to build systems of governance and institutions for delivery of basic services in war-ravaged parts of Sudan, particularly the south.

The USAID program, including Transition Initiatives (TI), Child Survival and Health (CSH), International Disaster and Famine Assistance (IDFA), and food aid, demonstrates how USAID will respond to the great challenges and many opportunities in assisting the South Sudanese in their transition from conflict to peace. USAID's goal is to establish a foundation for a just and durable peace with broad-based participation of the Sudanese people. Transition Initiatives will focus on recovery and rehabilitation through the following: support to the peace process; more responsive and participatory governance; improved equitable access to quality education; and establishing a foundation for economic recovery. Child Survival and Health funding will increase use of health, water, sanitation services and practices.

USAID will also continue to respond to other humanitarian crisis needs throughout the country. In FY 2005, humanitarian funds are being used for immediate disaster response, especially in Darfur, where escalating conflict has displaced an estimated 1.6 million people and sent another 200,000 fleeing across the border into eastern Chad. Humanitarian assistance throughout the country is used for continuing essential

health, water and sanitation services for war-affected communities, for quick-impact programs that build public support for peace by providing rapid and visible benefits to communities, and for nutritional support for war-affected communities through food aid.

Swaziland
(\$ in thousands)

Account	FY 2004 Actual	FY 2005 Estimate	FY 2006 Request
IMET	131	100	100
Peace Corps	1,574	1,510	1,598

Priority U.S. interests in Swaziland include: (a) democracy, in particular, increased political discourse and rule of law; (b) promotion of human rights; (c) economic development; and (d) humanitarian concerns, especially fighting HIV/AIDS. Swaziland is at a turning point on the issue of the rule of law. A draft of the constitution is currently undergoing legislative review and will likely be adopted in 2005. Although the United States has concerns with both the drafting process and the substance of the constitution, meaningful implementation of the constitution will be critical in addressing concerns relating to separation of powers. In November 2004, the Court of Appeals reconvened after a two-year hiatus. The United States encourages Swaziland to move from reliance on special edicts to the rule of law to resolve disputes. Humanitarian concerns include the devastating impact of the nation's 38.8 percent HIV/AIDS adult prevalence rate and the growing number of children left orphaned and vulnerable by the pandemic. We use tools such as the African Growth and Opportunity Act (AGOA) and its textile benefits to encourage economic growth through increased business activity and investment.

Although Swaziland does not receive bilateral Development Assistance (DA), it benefits from regional DA funds. The regional USAID center in Botswana implements economic growth programs in Swaziland and will expand its programs in the coming years. In addition, the DA-funded Africa Education Initiative will provide continued support for education.

U.S. HIV/AIDS-related assistance, provided through the Regional HIV/AIDS program based in South Africa, has increased HIV/AIDS awareness and prevention, and increased the capacity of non-governmental organizations (NGOs) to provide palliative care to victims of HIV/AIDS. The U.S. Government will also continue to conduct training workshops through this initiative. In addition, USG assistance supports Swaziland's National AIDS Committee, prevention of mother-to-child transmission programs, and workplace HIV programs in conjunction with the International Labor Organization. The State and Defense Departments will continue to support an HIV/AIDS awareness program for the Swazi military. USAID provides most of the billboards, pamphlets, and other items the Swazi government uses for its HIV/AIDS public awareness efforts.

Efforts to increase the professionalism of the Swazi military directly support U.S. policy goals of advancing democracy, human rights, and humanitarian assistance in addition to bolstering our broader goal to support regional stability. FY 2006 International Military Education and Training (IMET) resources will fund military assistance programs that promote a higher degree of professionalism in the Swazi defense forces through education on the role of the military in a democracy and in promoting respect for human rights.

Tanzania
(\$ in thousands)

Account	FY 2004 Actual	FY 2005 Estimate	FY 2006 Request
CSH	23,000	12,200	11,260
DA	7,523	7,962	8,727
GHAI	25,027	80,326	104,672
IMET	-	-	50
NADR-EXBS	544	25	200
NADR-SALW	-	200	-
NADR-TIP	300	-	-
P.L. 480 Title II	18,189	3,548	-
Peace Corps	2,545	2,681	2,586

The priorities for U.S. relations with Tanzania are: 1) countering the threat of terrorism; 2) fostering private-sector economic growth; 3) advancing the growth of democracy and good governance; 4) combating HIV/AIDS, tuberculosis and malaria; 5) increasing Tanzanian understanding of American values and policies; and 6) ensuring humane treatment of Tanzania's large refugee population.

Having suffered terrorist attacks on its own soil (the bombing of the U.S. Embassy in 1998), the Tanzanian government offers strong support for U.S. anti-terrorist efforts. The growth of radical Islam among Tanzania's large Muslim population (roughly half of the total), high unemployment, poverty, and generally low opinions of the United States among the Tanzanian citizenry, suggest potential difficulties in the future. In addition to working to improve the American image through the Public Affairs Office, the Embassy works on training the local police on explosives countermeasures, post-blast investigations and immigration fraud. The Treasury Department is continuing a multi-year program to assist the Government of Tanzania (GOT) and other East African countries in formulating a comprehensive anti-money laundering program. The Embassy shares intelligence when appropriate to combat terrorists. Given the violent history at the U.S. Embassy, there is a strong emphasis on basic security for staff, American citizens and the Embassy's physical plant. The country is making progress on democratic reform through elections this year, which will be marked by a democratic changeover of the presidency.

Tanzania is one of the world's poorest countries, the result of two decades of socialism that destroyed the people's entrepreneurial spirit. New policies to support free enterprise have been slow in developing. To counter this situation, USAID Development Assistance (DA) puts heavy emphasis on the development of micro and small industries. USAID is also working to defend the Tanzanian environment, both on land and in offshore waters; and to promote sustainable ecotourism. Tanzania is eligible to participate in the African Growth and Opportunity Act (AGOA), and there has indeed been some recent improvement in the export of manufactured products.

Tanzania's HIV/AIDS prevalence rate is 8.8 percent. With Child Survival and Health (CSH) funds, USAID and CDC, working in partnership with the President's Emergency Plan for AIDS Relief are operating a number of programs to educate the population, train counselors, provide pre-natal care, support orphans, improve the system of blood distribution, and, perhaps most importantly, to work with local authorities and influential citizens to support and expand a national policy to counter the disease. In fighting a serious malaria problem, using CSH funds, USAID and CDC distribute insecticide-treated bed nets for women and children, conduct drug resistance studies, and coordinate two large-scale evaluations for the implementation of novel malaria treatment strategies.

Tanzania is a focus country of the President's Emergency Plan for AIDS Relief (Emergency Plan). In FY 2006, increased Global HIV/AIDS Initiative (GHAI) funding will be provided to expand comprehensive and integrated prevention, care and treatment programs, which are further described in Section I under the heading Global HIV/AIDS Initiative.

Tanzania is home to one of the largest refugee populations in the world, with most of them coming from Burundi. The U.S. engages the Tanzanian government diplomatically to urge continued hosting of refugees with safety and dignity until conditions allow for repatriation. The Embassy closely monitors refugee camps and the peace process in the African Great Lakes region to help prepare for a massive repatriation, when appropriate, which could have a massive impact on both Burundi and Tanzania. The Ambassador's Fund for Refugees has successfully met small gaps in refugee assistance.

Tanzania is eligible in FY 2006 to receive Excess Defense Articles (EDA) on a grant basis under Section 516 of the Foreign Assistance Act. EDA funds for vehicles, as an example, would help support Tanzanian peacekeeping efforts in the region. Additionally, FY 2006 International Military Education and Training (IMET) programs will support professionalization of the Tanzanian Peoples' Defense Force and improving civil-military relations. The United States is also providing Non-proliferation, Anti-terrorism, Demining and Related Programs - Export Control and Related Border Security (NADR-EXBS) funds for a legal/technical forum on export control regulations and inspection/detection equipment and training.

Togo
(\$ in thousands)

Account	FY 2004 Actual	FY 2005 Estimate	FY 2006 Request
IMET	204	120	120
Peace Corps	2,489	2,585	2,616

The United States has three primary goals in Togo: advocating democracy and good governance, supporting economic development, and combating the spread of the HIV/AIDS pandemic in order to further our strategic goal of enhancing regional stability. Togo is governed by Africa's longest-ruling head of state, President Eyadema, who has held office since 1967. In October 2002 the main opposition parties boycotted legislative elections because of government manipulation of the National Electoral Commission. As a result, Eyadema's party won virtually all the seats in the National Assembly with nearly complete control of this body. In December 2002, the National Assembly voted to amend the Constitution to allow Eyadema to run for another term as president. Eyadema ran again in 2003 and was declared the victor of a flawed election. During 2004 the European Union proposed a package of 22 commitments to further democratic reform. The Government of Togo agreed to pursue those commitments, hoping to regain lost development funds. Establishment of reforms in the election process, and inclusion of opposition elements within the planning and implementation of those reforms remain necessary steps for Togo to move to new legislative elections.

Most bilateral and multilateral aid to Togo has been cut off because of the country's halting transition to democracy, poor human rights record, and failure to service its external debt. Togo is ineligible for lending from the World Bank because of payment arrears exceeding \$50 million. With FY 2002 Africa Regional Economic Support Funds (ESF), the National Democratic Institute (NDI) conducted an evaluation of Togo's political situation and launched a program to train all political parties. The NDI team left Togo prematurely before the elections of 2003 after the Government of Togo (GOT) made it impossible for them to work. The GOT has indicated openness to the return of NDI or a similar U.S. organization. We support this openness with the use Africa Regional ESF funding to strengthen political parties and political dialogue, which are crucial to resolution of Togo's political crisis. We will continue to provide small grants to civil society organizations under our Self-Help and Democracy and Human Rights Funds. In addition, Togo is expected to receive a grant from the UN Global Fund for Malaria, Tuberculosis and AIDS.

To ensure a successful transition to democracy, it is vitally important that the military's capacity, professionalism, and commitment to democracy be enhanced. The FY 2006 International Military Education and Training (IMET) program will continue to strengthen the Togolese military's regard for democratic values, respect for individuals' civil and human rights, and acceptance of the rule of law. The Togolese military has played an important role in regional peacekeeping efforts. Togo is eligible in FY 2006 to receive Excess Defense Articles (EDA) on a grant basis under Section 516 of the Foreign Assistance Act. Grant EDA will be used for peacekeeping efforts.

Togo is not eligible for trade benefits under the African Growth and Opportunity Act. However, substantial progress with the EU's 22 commitments and free, transparent, and credible elections in the National Assembly could qualify Togo for such assistance. Togo is a member of the Economic Community of West African States (ECOWAS) and the African Union (AU).

Uganda
(\$ in thousands)

Account	FY 2004 Actual	FY 2005 Estimate	FY 2006 Request
CSH	36,020	12,760	11,160
DA	28,176	27,182	21,476
FMF	1,990	1,984	-
GHAI	44,598	104,779	185,843
IMET	371	240	240
NADR-TIP	150	-	-
P.L. 480 Title II	69,880	28,560	16,947
Peace Corps	1,535	1,635	1,689

The Government of Uganda is one of America's key partners in Africa. It has also posed challenges through its involvement in the conflicts in the Democratic Republic of the Congo, Sudan, Burundi, Somalia and northern Uganda itself. Our strategic goals in Uganda are: democracy and human rights; health; regional stability; economic growth and development; and humanitarian assistance. Uganda has supported American foreign policy positions, including the coalition in Iraq and the war on terrorism.

Uganda is a focus country of the President's Emergency Plan for AIDS Relief (Emergency Plan). In FY 2006, increased Global HIV/AIDS Initiative (GHAI) funding will be provided to expand comprehensive and integrated prevention, care and treatment programs, which are further described in Section I under the heading Global HIV/AIDS Initiative.

Uganda is a leader among the focus countries in achieving the President's goals in the fight against AIDS. The government of President Yoweri Museveni has skillfully managed the HIV/AIDS epidemic, once the greatest threat to Uganda's future. President Museveni has spoken out publicly since 1986 on the dangers of the disease and helped forge a unique public/private partnership that has become a model for the rest of the world. Over the past 10 years, Uganda has reduced the HIV prevalence rate among adults from about 25 percent to less than seven percent.

Uganda's democratization process is incomplete. Constitutional limits on political parties seriously constrain freedom of association. The Parliament and judiciary are not fully independent, and President Museveni is trying to amend the Constitution in order to hold on to power when his term ends in 2006. Corruption is prevalent; newspapers and radio stations have been shut down for political reasons. U.S. advocacy for more transparency and due process has helped move Uganda on democratic and reform issues. To assist the USG further in this endeavor, FY 2004 ESF resources were allocated to support political-party training through the International Republican Institute (IRI) and the International Foundation for Election Systems (IFES). FY 2005 Africa Regional ESF resources are planned for IRI to support party organization, grassroots efforts and multi-party politics, and to sustain local institutions is under consideration. FY 2006 Africa Regional ESF will be used to help IFES strengthen the local Electoral Commission that will have a major role to play in Uganda's 2006 presidential and parliamentary elections and field election monitors from IRI and the National Democratic Institute (NDI).

Uganda remains a trendsetter on macroeconomic reform, and is taking steps to increase exports to the United States under the African Growth and Opportunity Act (AGOA). Uganda was selected as the first country in the world to gain debt relief under the Heavily Indebted Poor Countries Initiative (HIPC) in 1998

and Enhanced HIPC in 2000. But the economic growth rate has stagnated after a period of rapid growth in the 1990s. Poverty and income disparity are growing, in part because of the effects of conflict in the north.

For nearly two decades, the terrorist Lord's Resistance Army (LRA) has attacked civilians in northern, and now eastern Uganda, killing tens of thousands, abducting more than 20,000 children and creating 1.4 million internally displaced persons (IDPs) in 2004. Tensions between the Ugandan Government and the Acholi people of the north remain strained which is a challenge to resolving the northern Ugandan rebel problem. Uganda has left Eastern Congo, and the U.S., through the tripartite mechanism, is trying to enhance security in the region and promote improved relations between Uganda and its neighbors.

FY 2006 International Military Education and Training (IMET) programs will continue to emphasize on restoring professionalism in Uganda's downsized military. This funding will provide training in human rights, officer professionalism, peacekeeping and civil-military relations. In FY 2006, Uganda is eligible to receive Excess Defense Articles (EDA) on a grant basis under Section 516 of the Foreign Assistance Act. EDA will be used to counter threats from terrorist organizations such as the LRA.

USAID assistance to Uganda focuses on reversing declines in agricultural production, improving land management, improving export competitiveness, enhancing the trade and investment policy framework for the private sector, and education, particularly for girls. USAID provides humanitarian assistance to the more than 1.4 million internally displaced persons in Uganda. In addition, the State Department provides budgetary support to refugee-assisting international organizations, including the UN High Commissioner for Refugees (UNHCR), the International Federation of the Red Cross (IFRC) and the World Food Program (WFP). We also directly fund non-governmental organizations in support of the government of Uganda's Self-Reliance Strategy for long-term refugees.

Child Survival and Health (CSH) and Development Assistance (DA) resources contribute to a six-year strategy focused on helping Uganda reduce mass poverty. Funding contributes to four areas focusing on: economic growth through agriculture and environmental programs, integrated health and education interventions to improve human capacity, strengthening democracy and governance for Uganda, and mitigating the conflict in northern Uganda.

Zambia
(\$ in thousands)

Account	FY 2004 Actual	FY 2005 Estimate	FY 2006 Request
CSH	34,801	13,735	11,100
DA	14,186	14,562	13,827
GHAI	29,210	81,831	131,587
IMET	461	225	225
P.L. 480 Title II	3,108	3,045	10,181
Peace Corps	3,421	3,061	3,230

Helping Zambia win the war against HIV/AIDS is our most important undertaking in promoting U.S. interests in Zambia's development as a stable, peaceful and prosperous free market democracy. One hundred thousand Zambians die annually from AIDS. HIV/AIDS undermines good governance and economic development in the country. Zambia's selection as a focus country under the President's Emergency Plan for AIDS Relief (Emergency Plan) offers an opportunity to reverse this pandemic. In FY 2006, increased Global HIV/AIDS Initiative (GHAI) funding will be provided to expand comprehensive and integrated prevention, care and treatment programs, which are further described in Section I under the heading Global HIV/AIDS Initiative. Success in battling HIV/AIDS will create an environment in which other USG programs aimed at promoting democracy and expanding incomes can have a greater impact on the lives of Zambians.

Zambia has qualified for full participation in the African Growth and Opportunity Act and is a threshold nation for the Millennium Challenge Account. Zambia is the home of the secretariat of the Common Market of Eastern and Southern Africa, which is working to expand regional economic integration – an objective the United States shares – to promote greater prosperity and stability both within Zambia and throughout the region. U.S. companies continue to benefit from investments in a range of sectors in Zambia, especially energy and mining-related enterprises.

Zambia today is peaceful, but far from prosperous. Reaching our goals for Zambia requires overturning the status quo, characterized by corruption, poverty and deteriorating health status. Zambia ranks near the bottom of the United Nation's Human Development Index and is among the worst performers on international corruption indices. In addition, Zambia has few defenses against international terrorism. If allowed to take root in Zambia, terrorist networks could undermine all efforts to create a stable, democratic and prosperous Zambia.

Zambia is a Heavily Indebted Poor Country (HIPC). Under the enhanced HIPC initiative, it qualifies for interim debt relief from its Paris Club creditors. Given that Zambia continues to perform well on its International Monetary Fund Poverty Reduction and Growth Facility arrangement, it is currently on track to receive a significant reduction in its external debt from its Paris Club creditors, including the United States, under HIPC in 2005.

FY 2006 Development Assistance (DA) funds will support democracy and governance, basic education, and economic development programs. DA funds will support Zambian efforts, both governmental and non-governmental, to strengthen democracy, address corruption and hold government accountable. Zambia's economy needs to overcome decades of statist economic policies. DA funds will support market-oriented economic reforms and increase the competitiveness of Zambian business, including agricultural producers and small and medium enterprises. DA funds will also address the need to improve the quality and access to primary education and improve school-based health and nutrition.

The health status of Zambians is precarious at best. Life expectancy at birth is less than 40 years. Infant and under-five mortality rates are unacceptably high, albeit improving as a consequence of USG and other donor assistance. Since 1996, infant mortality has declined from 109 to 95 per 1000 and under-five mortality has declined from 197 to 168. Malnutrition exacts a heavy toll on Zambia's vulnerable children; under-five stunting has increased from 42 percent in 1996 to 47 percent in 2001/2002. Zambia has an increasing maternal mortality rate of 729 deaths per 100,000 live births. Malaria is the number one cause of death among children. Over the past two decades, the incidence of malaria has tripled. Child Survival and Health (CSH) funds will be used to support USAID's health program, which will empower Zambians to take action for health and expand delivery of the Emergency Plan activities focused on prevention of and care and treatment for HIV/AIDS.

The International Military Education and Training (IMET) program supports regional stability and enhances democratic values in the Zambian military. FY 2006 IMET will enable Zambian military personnel to attend courses at the Defense Institute of International Legal Studies and U.S. military staff colleges, and receive training in counter-terrorism, corruption investigation, and medicine. Medical training will complement Emergency Plan projects to address the crisis of HIV/AIDS in the Zambian military.

Africa Regional Economic Support Funds (ESF) complement Development Assistance in support of rule of law programs. ESF will be used for electoral reform; constitutional reform; anti-corruption activities; establishment of a financial intelligence unit; revision of financial and banking laws; commercial law reform; establishment of conflict of interest guidelines; and the drafting of whistleblower protection legislation.

The Department of Treasury resident advisors make a unique contribution to Zambian governance initiatives. Direct USG assistance to the Zambian government complements assistance provided with DA and ESF funding. Treasury assistance has included training of Zambian investigators and prosecutors, revising tender laws and regulations, and corruption resistant institutions. It also supports counter terrorism by helping Zambia combat money laundering. Assistance to the Bank of Zambia and the Finance Ministry will improve macroeconomic management and reduce inflation.

Zimbabwe

(\$ in thousands)

Account	FY 2004 Actual	FY 2005 Estimate	FY 2006 Request
CSH	11,100	11,100	11,100
DA	1,375	735	1,246
ESF	2,982	1,984	2,000

Zimbabwe is in the midst of worsening political, economic, and humanitarian crises resulting from the government's misrule and economic mismanagement. Zimbabwe's economic collapse has caused unrest and great hardships within the country, population dislocations to neighboring countries, and damage to regional economic development. The principal U.S. interests in Zimbabwe are democracy, human rights, economic prosperity, and humanitarian relief, including the battle against HIV/AIDS. Our policy seeks the re-emergence of Zimbabwe as a country with a democratically legitimate government that respects the rule of law and the well-being of its citizens, fosters regional peace and stability, and follows sound economic policies contributing to regional economic growth. Repairing Zimbabwe's tattered institutions and rebuilding its economy will be a long and difficult process that cannot begin without first addressing the underlying political crisis that polarizes this troubled nation. Assistance will help Zimbabwe address its acute HIV/AIDS problem and food shortages, foster reforms to help reverse Zimbabwe's economic and political decline, restore the rule of law and respect for human rights, and promote regional stability. Despite strained relations, Zimbabwe cooperates with the United States on law enforcement and counter-terrorism matters.

Zimbabwe was once a post-independence success story and a force for regional stability and growth, but the actions of the Government of Zimbabwe (GOZ) since 2000 have caused immense damage to the nation's economy, democratic institutions, social cohesion, and welfare. Zimbabwe is experiencing negative economic growth (-40 percent since 2000; -5.2 percent in 2004), high inflation (220 percent in 2004), and chronic unemployment (70 percent). Political instability, violence and increasing poverty are undermining social stability and the rule of law. Although improved from the past two years, food shortages still threaten two million people, and will require an infusion of donor resources for the foreseeable future. Nearly one-quarter of the sexually active population is HIV-positive. Intermittent shortages in basic food supplies, medicines, and fuel persist. The nation's precipitous decline has resulted in a large-scale exodus of teachers, social/health care workers, and professionals with marketable skills. Life expectancy has declined from 61 years in 1990 to 54 years in 2003, infant mortality is 76 per 1,000 live births, and under-five child mortality is 123 per 1,000 live births.

FY 2006 Child Survival and Health (CSH) programs will mitigate the devastating HIV/AIDS pandemic by supporting voluntary HIV counseling and testing (VCT); assistance to those testing positive; economic opportunities for HIV/AIDS-affected households; behavior modification and awareness campaigns; condom availability; public sector and civil society capacity to advance HIV/AIDS policies; assistance to orphans and vulnerable children (OVC); a national anti-retroviral therapy (ART) program; and a national prevention of mother-to-child-transmission program. During FY 2004 two additional VCT sites (for a total of 20) and mobile VCT services were being established in FY 2005, social marketing of condoms will result in the sale of at least 40 million male and one million female condoms – this activity will be closed out in FY 2006. In FY 2006, mass media campaigns will encourage risk reduction strategies including abstinence and fidelity; over 200 faith-based leaders will receive HIV training; and an estimated 60,000 of Zimbabwe's estimated 800,000 OVC will receive U.S.-supported community-based assistance. In response to the food shortages, the United States is collaborating with UN agencies, other donors, and non-governmental organizations (NGOs) to provide targeted food aid to approximately two million Zimbabweans, principally through school feeding and HIV assistance programs.

FY 2006 Development Assistance (DA) and Economic Support Funds (ESF) will continue: (a) to support civil society's efforts to influence economic and political policymaking, especially in Parliament and at local government levels; (b) to build a more effective and accessible Parliament; and (c) to support local authorities to be more responsive and open to local citizen input. During FY 2006, 16 civil society organizations (CSOs) will receive ongoing training and technical assistance as well as institutional support to strengthen their organizational structures and their advocacy to Parliament. This support will help these organizations press for transparency, respect for the rule of law, and changes to repressive legislation while articulating constituents' concerns. Progress to date includes sustained CSO viability despite a climate of repression and intimidation, greater CSO participation in parliamentary public hearings and committee meetings, and greater parliamentary oversight resulting in several reports critical of Executive branch programs and policies.

CSH and DA funds will increase access to economic opportunities for disadvantaged groups in rural and peri-urban Zimbabwe through increased provision of business, communications, and technical services. In light of Zimbabwe's ongoing food crisis, severe economic contraction, and HIV/AIDS pandemic, food security activities that provide income and nutrition have become a centerpiece of this program. Anticipated activities for FY 2006 include training in business, communications, technical areas, and legal service. In FY-2004, an estimated 702,000 individuals from over 117,000 households benefited from services funded by the program. By the project's end, 240,049 households representing almost 1.5 million Zimbabweans will have benefited from the program. By helping disadvantaged groups realize economic opportunities, these programs also help address their food security concerns, mitigate the impact of HIV/AIDS through improved diet, and improve livelihoods.

Zimbabwe is not currently eligible for the African Growth and Opportunity Act, the President's Emergency Plan for Aids Relief (PEPFAR) focus-country funds, the Millennium Challenge Account (MCA), or for security assistance, largely due to the prevailing political and human rights situation.

Africa Coastal/Border Security Program

(\$ in thousands)

Account	FY 2004 Actual	FY 2005 Estimate	FY 2006 Request
FMF	-	3,968	4,000

The Africa Coastal/Border Security program is designed to augment counter-terrorism (CT) and regional stability efforts in Africa with Foreign Military Financing (FMF) resources. The program seeks to enhance Africa's ability to defend and monitor its vast coastal and border regions from terrorist and criminal activities, as well as to better protect fisheries, oil and environmental resources. Terrorism is a global issue and countering terrorism is most effective when it is done with regional cooperation. A consolidated program such as this, as opposed to multiple individual programs, will allow for multilateral engagement establishing lines of communication between the regional actors and ensuring more coordinated, efficient and effective CT operations.

Regional CT efforts in Africa are not new. The \$8.15 million Pan Sahel Initiative (PSI) was a peacekeeping operations (PKO)-funded regional program that began in FY 2002 to train and equip countries in the Sahel region of Africa (specifically, Mali, Mauritania, Niger and Chad) to more effectively patrol their borders and protect themselves, and the region, against destabilizing terrorist activities. A broader Presidential initiative, the East Africa Counter-Terrorism Initiative (EACTI), announced by the President in June 2003, is a \$100 million initiative that includes both border and coastal security programs for key countries in East Africa to include Kenya, Djibouti, Tanzania, Uganda, Ethiopia and Eritrea.

The Africa Coastal/Border Security program will complement PSI and EACTI. The \$4 million in FMF is intended for broader coastal/border security needs in key areas in Africa. The funds also will provide for sustainment of capacity obtained as part of PSI. Aspects of this program were realized in FY 2003 with an initial reprogramming of \$500,000 for Sao Tome and Principe to assess their coastal security needs, receive strategic training, and procure equipment, such as small commercial craft or Excess Defense Articles (EDA) patrol vessels. FY 2004 saw the continued implementation of this effort and the initiation of other coastal and border security activities in countries that are not part of EACTI.

Countries that will be included in this initiative may include, but are not limited to: Angola, Chad, Djibouti, Eritrea, Ethiopia, Gabon, Ghana, Guinea, Kenya, Madagascar, Mali, Mauritania, Mozambique, Namibia, Niger, Nigeria, Rwanda, Sao Tome and Principe, Senegal, Tanzania and Uganda. All these countries need better coastal/border security to support the long-term objectives of the global war on terrorism. Additionally, many of these countries have valuable resources, and require credible security forces to protect their territorial integrity and prevent them from becoming lucrative havens for terrorists and criminals.

FY 2006 funds will provide for training and equipment, such as patrol vessels and vehicles, communications gear, navigational aids, barrier material, night vision devices, and monitors/sensors, to develop, enhance and sustain African countries' ability to protect and defend their own coastal waters and borders from terrorist operations and other illicit activities. Funds may be used to refurbish patrol and utility craft available as EDA from the U.S. Coast Guard as well as procure other technology-appropriate boats. Training, maintenance and spares will also be a part of this program to enhance their abilities to properly operate and maintain the equipment. The program also may include efforts to increase cross border cooperation among African countries, including in the area of intelligence. Aerial surveillance, naval radar and intelligence training also may be provided in some cases.

Africa Regional Fund

(\$ in thousands)

Account	FY 2004 Actual	FY 2005 Estimate	FY 2006 Request
ESF	11,929	8,928	9,700

The Africa Regional Fund addresses the United States' interests related to democracy and human rights, economic prosperity, law enforcement, and global issues. Democracy promotion in Africa is not only a reflection of American ideals but represents the bedrock supporting all key U.S. interests on the continent. Democracy represents a stabilizing force capable of alleviating humanitarian crises resulting from armed political power struggles that cost the United States billions of dollars each year. U.S. economic prosperity flourishes through partnerships with stable governments that strive to enforce the rule of law and create suitable investment climates. Like-minded democracies also make the best partners in our global efforts to address international concerns ranging from terrorism, crime, and drug trafficking to weapons proliferation, environmental degradation, and the spread of infectious diseases.

Institutional weakness, civil, ethnic and religious strife, environmental degradation, conflict over natural resources, and corrupt regimes combine to make parts of Africa highly unstable and unpredictable. Economic Support Funds (ESF) offer distinct advantages for dealing with unanticipated developments and for taking advantage of limited windows of opportunity as they open. Since FY 2004, more ESF resources have been requested in country-specific accounts and, as a result, the Countries in Transition Fund has been eliminated. The Africa Regional Fund (ARF) has been retained to respond to more immediate, less predictable needs, and to achieve U.S. foreign policy objectives in countries where USAID has no presence. FY 2006 programming with Regional ESF will permit strategic investments in countries with the will to cooperate on counterterrorism and democracy strengthening initiatives but without the means. Assistance will support efforts to help countries draft counter-terrorism legislation, improve administration of borders, combat money laundering, and create stable governments in places such as Somalia where anarchy gives terrorists potential new bases.

Creating opportunities for American investment depends on stable and predictable institutions of governance. The use of ARF ESF in FY 2006 will also strengthen the rule of law and democratic development through timely interventions in support of electoral processes, human rights, judiciaries, the media, and civil society.

Nearly half of the FY 2006 Africa Regional ESF will be used to support democratic development, the rule of law, and respect for human rights through programs that aid legislative and judicial reform, increase transparency and support improved electoral processes, provide training to strengthen governing skills for newly elected officials at the national and local levels, and strengthen civil society. In Burkina Faso, for example, ARF resources would be used to enhance democratization programs following the 2005 presidential election and to prepare for 2006 parliamentary elections. Other examples include democratization programs related to media capacity building in connection with 2006 presidential elections in Benin, and support for presidential elections in Uganda and legislative elections in Togo. Efforts to increase the capacity of the Rwandan judicial system to prosecute genocide cases transferred from the International Criminal Tribunal for Rwanda would also be supported with ARF resources. Roughly one quarter of the FY 2006 Africa Regional ESF will be used to support counter-terrorism training and assistance not otherwise provided through other programs, including projects to help countries draft counter-terrorism legislation, improve administration of borders, and combat money laundering.

In addition, the African Union is playing an increasingly significant leadership role in addressing the debilitating and harmful role of conflict in Africa. It is also demonstrating leadership in developing

mechanisms to encourage good governance and economic growth. ESF will be used to provide communications and conference capacity for the African Union, to more effectively use the AU's limited staff time and resources.

FY 2006 Regional ESF will also support African efforts to manage, conserve, and sustainably use its environmental and natural resources. Africa's biological diversity and natural resources are of considerable global value. These resources are also inextricably linked to economic development and questions of national and international peace and security. Poor conservation practices and conflict over resource use undermine stability and hamper prospects for economic growth. ESF projects help fill gaps in current efforts to achieve habitat, resource, and biodiversity conservation, as well as promote cross-border cooperation. A special effort is made to ensure that affected communities have a voice in decision-making and derive economic benefit from sustainable management of resources. Addressing the governance and human capacity challenges associated with improving environmental and natural resources management can serve not only to conserve the environment but help achieve broader foreign policy goals related to strengthening of civil society, transparency, and poverty alleviation. In the longer run, helping Africa protect its environment and manage resources in a sustainable manner will contribute to development of diversified economies that can benefit U.S. interests through trade and investment relationships.

Economic growth and democratic, effective government are fundamental to consolidate peace agreements and for African states to progress and achieve sustainable economic development. FY 2006 Africa Regional ESF will support economic reform through programs that assist with implementation of the African Growth and Opportunity Act (AGOA), promote trade and investment, and encourage the development of capital markets. Donor coordination and burden sharing will help ensure that U.S. resources are used strategically and continue to achieve maximum results with minimum duplication.

In FY 2004, ESF resources were used to support successful elections, and important democratic progress in Ghana, Mozambique, and Niger. Our successes are not limited to election support activities, however, and we have achieved results in ESF-supported efforts to work with Africans to strengthen their capabilities to impede the flow of terrorist finances, improve border and airport security, and improve judicial systems.

Africa Regional Peacekeeping

(\$ in thousands)

Account	FY 2004 Actual	FY 2005 Estimate	FY 2006 Request
PKO	9,761	43,912	41,400

Conflict resolution challenges present the greatest obstacle to free markets, development and long-term prosperity in Africa. Besides decreasing the amount of U.S. capital and other investment, the climate of instability also creates conditions in which terrorist activities can thrive and American security interests can be directly and indirectly threatened. Active diplomacy, support for conflict prevention and response, and training and equipping of African security institutions are critical aspects of U.S. policy to help break the cycle of instability. Currently Africa is beset with the task of ending seven major conflicts that threaten regional stability: Cote d'Ivoire, Sierra Leone, Liberia, Democratic Republic of Congo (DRC), Burundi, Sudan, and the Ethiopia-Eritrea border. Conflict management requirements for PKO funds include support to capacity building efforts for African states and conflict management institutions such as the African Union (AU) and the Economic Community of West African States (ECOWAS), logistical, technical and other support for African peacekeeping activities and security sector reform (SSR). In the case of SSR, PKO funds will help equip and train African militaries in the midst of institutional transformation, helping them evolve into professional, apolitical organizations capable of contributing to the peace process in a meaningful way. Support for these programs not only helps bring stability to the continent but will also decrease the need for far more costly deployments of U.S. military.

In Sudan, the Comprehensive Peace Agreement (CPA) between the northern and southern parts of Sudan affords the country an opportunity to consolidate peace through reform of the security forces and deployment of international monitoring mechanisms, the latter of which will be undertaken primarily through the UN. The unity government resulting from this agreement also offers the best hope for resolving other problems of governance in the country, including especially Darfur. As a result of the north-south agreement, Khartoum's north-oriented Sudan Armed Forces will largely withdraw from the southern part of the country, which will in turn provide an opportunity for the southern Sudanese to gain greater economic and political freedom. To consolidate peace, it will be necessary to build security institutions in the armed forces and police in Sudan that are more professional, smaller in size, and more representative of the whole country. PKO funds will be used to transform the Sudan Peoples Liberation Army from a guerilla to conventional military force and help ease its integration into the national army. Using a mix of U.S. military and contract trainers, funds will provide trainers/advisors and individual and unit equipment to help train a transformed military force for southern Sudan. Funds will also be used to support disarmament and demobilization activities and the withdrawal of northern Sudanese military forces from southern Sudan in furtherance of the CPA and peace process.

In West Africa, FY 2006 PKO funds will be used to continue programs to train and restructure the Liberian armed forces, a critical aspect of consolidating peace in Liberia, bringing stability to the sub-region and thereby creating conditions for the withdrawal of UN peacekeeping forces. Funds will support training efforts of U.S. military and contract personnel and provide equipment and supplies for the Liberian military. In Sierra Leone and Cote d'Ivoire, the United States will work alongside lead efforts by the United Kingdom and France respectively and provide limited support to reform their militaries. Funds will also help West African forces to maintain and use USG-provided surplus military equipment at the Logistic Training Depot in Freetown, Sierra Leone; support ECOWAS with communications among member states; and train peacekeeping units and staffs at three regional training centers and one national peace support operations training center in Nigeria.

In the Great Lakes region, scene of conflicts that have directly and indirectly resulted in the death of nearly 4 million people from 1999 to 2005, PKO funds will be used to deploy African forces in support of regional agreements. In addition, U.S. support for defense reform in the Democratic Republic of Congo (DRC) will help ensure that the nascent Congolese government has a truly national military force that can bolster the transitional government and help rid the country of areas of insecurity. U.S. support will include equipping and training of Ministry of Defense and other elements of the Armed Forces of the DRC (FARDC) and will be integrated with efforts by other countries to support reform. In Burundi, PKO funds will be used in a similar manner to supplement the lead efforts of other countries that seek to reform a more integrated army of Hutu and Tutsi personnel.

PKO-funded activities have produced dramatic results over the past few years. In Sudan, the Civilian Protection Monitoring Team (CPMT), Verification and Monitoring Team (VMT), and Joint Military Commission (JMC) in the Nuba Mountains were critical confidence builders for the overall peace process. Not only did these mechanisms monitor ceasefire agreements with low overhead and cost, but also their experiences laid an important foundation for the CPA and subsequent expected deployment of UN forces. PKO funds helped to set up logistics and base camp accommodations that enabled the African Union to deploy monitors and force protection units to mitigate the humanitarian disaster in Darfur. While the jury is still out regarding the overall effectiveness of the international community's efforts to pressure the parties to abide by the April 8 2004 ceasefire agreement, there is no doubt that without U.S. assistance, the AU Mission in Sudan never would have deployed.

PKO-funded programs in West Africa have also yielded great results, oftentimes in close collaboration with other donors. For example, through U.S. support of an advisor and related efforts, ECOWAS now has a mission planning staff, a nascent early warning system, and better-prepared forces for peacekeeping and crisis management. Furthermore, U.S. support for the depot in Freetown enabled the U.S. to provide more expeditious support of African deployments to Cote d'Ivoire in FY 2003 and 2004, Liberia in FY 2003 and Darfur in FY 2004.

Military Health Affairs

(\$ in thousands)

Account	FY 2004 Actual	FY 2005 Estimate	FY 2006 Request
FMF	1,490	1,984	2,000

The HIV/AIDS pandemic is ravaging Africa, and its effects are especially pernicious in one of the continent's most prominent institutions, the military. Many African uniformed services carry HIV-positive rates significantly higher than that of the general population; some have infection rates as much as twice that of the local populations. Compounding the deleterious effects of the military HIV infection rate is the fact that governments in many sub-Saharan African countries often neglect to provide health care resources for uniformed services. Further, international HIV/AIDS organizations rarely address the problems inherent in the military sector. Among Western nations, the United States stands alone in offering a program for African military forces. Keeping African militaries healthy, capable of protecting the state and its citizens, and able to participate in regional and international peacekeeping operations is directly related to U.S. foreign policy goals. Retaining African military personnel who have benefited from U.S. technical training, International Military Education and Training (IMET), and other capacity development programs for the duration of their careers is a sound investment.

Under provisions of the Department of Defense (DoD) HIV/AIDS Prevention Program, the DoD provided approximately \$4 million in Health Care funds in FY 2004 and will provide approximately \$7 million in FY 2005. DoD's role under this program is limited to supporting training and education activities. The Naval Health Research Center in San Diego has been sending medical teams to sub-Saharan Africa as part of this two-year initiative. The teams assist with HIV prevention programs in 29 African militaries with the following objectives:

- Establish HIV/AIDS-specific policies for military personnel;
- Adapt and provide HIV prevention programs;
- Train military personnel to implement, maintain, and evaluate HIV prevention programs;
- Provide information/training to change high-risk HIV attitudes and behaviors among military personnel; and
- Integrate and make use of other U.S. government programs and those managed by allies and the United Nations.

FY 2006 Foreign Military Financing (FMF) funds are required to supplement the DoD HIV/AIDS Prevention Program effort through the procurement of laboratory and medical supplies, testing equipment, rapid test field kits, and associated training capabilities that will both complement and sustain the health care training initiative in African partner countries. All these activities are being integrated into the President's Emergency Plan for AIDS Relief and are within the purview of the Global AIDS Coordinator.

Regional Organizations

(\$ in thousands)

Account	FY 2004 Actual	FY 2005 Estimate	FY 2006 Request
ESF	2,982	992	1,000

U.S. support of African regional organizations increases trade and the free flow of goods, services and capital to achieve the goals of economic prosperity and security, and regional stability. Regional economic integration can promote greater U.S. trade and investment in the region as small fragmented African economies combine to achieve the kind of market scale needed to attract U.S. traders and investors. Fostering economic integration and stability within Africa will be crucial in our fight against global terrorism. Strong operational African institutions will contribute in the long-term to sustainable political and economic systems that are ultimately less dependent on donor support. The Regional Organizations ESF program will provide technical assistance to regional organizations such as the African Union (AU), Common Market of Eastern and Southern Africa (COMESA); the Economic Community of West African States (ECOWAS); the West African Economic and Monetary Union (WAEMU).

FY 2006 Regional Organizations ESF will be used to strengthen the institutional capacity of the organizations themselves and help them design the kinds of initiatives and programs that will contribute to regional and global economic integration, especially for opening markets and harmonizing tariff structures, and for investment and sectoral policies. Adherence to World Trade Organization (WTO) standards, and customs, border, and financial sector reforms that promote integration are some of the goals that will be pursued.

The African Union is playing an increasingly significant leadership role in addressing the debilitating and harmful role of conflict in Africa. It is also demonstrating leadership in developing mechanisms to encourage good governance and economic growth. ESF will be used to provide communications and conference capacity for the African Union, to more effectively use the AU's limited staff time and resources.

While ECOWAS has seen notable success in West Africa in the area of conflict resolution, it does not have a strong record of achievement in fostering sub-regional economic integration and is working to improve its performance in this area. However, a subset of eight ECOWAS members have formed WAEMU and made great strides toward economic integration. In this context, the WAEMU countries will use ESF to assist ECOWAS to implement its decision to adopt the common external tariff put into place earlier. We will work with the ECOWAS Community Computing Center to provide a computer network link among relevant trade and statistical agencies and training for personnel using the network, as well as funding for mixed public/private sector trade committees to examine and make recommendations concerning other impediments to greater intra-regional trade.

In east and southern Africa, the focus will be on workshops and training to promote the harmonization of investment codes and regional policies to promote greater trade in agriculture within COMESA. There will be a particular focus on training to strengthen capacity in the area of phytosanitary regulation, taking advantage of the first ever appointment of an Animal and Plant Health Inspection Service (APHIS) specialist to the regional USAID competitiveness hub. This will be especially important in our efforts to encourage countries eligible for the African Growth and Opportunity Act (AGOA) to take full advantage of their AGOA benefits as well as diversify their exports.

Under the AGOA linkages program, there has been a concerted effort to achieve phytosanitary standards for fresh fruits and vegetables, with Zambia gaining USDA approval for the export of a number of

additional products to the United States. WAEMU and COMESA have served as valuable platforms for AGOA Implementation workshops as well as for consultations between the United States and African member states of these regional organizations on WTO matters.

Safe Skies
(\$ in thousands)

Account	FY 2004 Actual	FY 2005 Estimate	FY 2006 Request
ESF	4,971	3,472	3,000

The Safe Skies for Africa Initiative (SSFA) promotes sustainable improvements in aviation safety, security, and air navigation in Sub-Saharan Africa as a means of combating terrorism, narcotics trafficking, trafficking in persons, and smuggling; advances economic development; and promotes U.S. exports. An additional goal of SSFA is to increase the number of African nations meeting International Civil Aviation Organization (ICAO) standards, a goal achieved under the program last year by Cape Verde. SSFA uses a country specific and regional approach, focusing efforts on Angola, Cameroon, Cape Verde, Kenya, Mali, Namibia, Tanzania, Uganda, and other select countries that may be added to the program.

Improved airport security is a vital component in our fight against international terrorism, and SSFA is an essential part of the President's 2003 East Africa Counterterrorism Initiative (EACTI). Under (EACTI), SSFA assistance to Tanzania and Kenya was continued and enhanced, and Uganda was brought into the program. FY 2006 funding will continue EACTI programs on a more modest basis. The security, safety and air navigation enhancements in FY 2006 will continue to directly support this Presidential Initiative.

Specifically, the \$3,000,000 requested in FY 2006 Economic Support Funds (ESF) will be used: 1) for safety, security, and air navigation technical assistance and capacity building to participating states and regional partners; 2) for regional conferences and other activities to promote improvement in regional aviation safety, security, and air navigation; 3) to promote U.S. private sector activities in Sub-Saharan Africa; 4) for advancing a coordinated regional and possibly continent-wide air navigation system; and 5) for continued funding of the East African Aviation Security Advisor position in Kenya. (The regional advisor is charged with developing the domestic legal framework, institutional programs, and operational processes required to ensure effective, sustainable civil aviation security programs in Kenya, Tanzania, Uganda, and Djibouti on an individual and regional basis.)

EAST ASIA AND THE PACIFIC

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Burma
(\$ in thousands)

Account	FY 2004 Actual	FY 2005 Estimate	FY 2006 Request
ESF	12,923	7,936	7,000

Burma, strategically located between China and India in Southeast Asia, remains of continuing concern to the United States. U.S. interests in Burma include promoting democracy, supporting human rights and religious freedom, fighting HIV/AIDS, furthering effective counter-narcotics efforts, recovering World War II remains and promoting regional stability.

U.S. Government policies maintain pressure on the military junta (known as the State Peace and Development Council (SPDC)) to engage in meaningful dialogue with the democratic opposition leading to genuine national reconciliation and the establishment of democracy. Nobel Peace Prize Laureate and Secretary General of the National League for Democracy (NLD) Aung San Suu Kyi has been detained since the brutal May 30, 2003 attack on her convoy and supporters. On December 29, 2004, the junta announced it was extending her indefinite detention for at least another year.

The SPDC has ruled Burma since 1962, suppressing dissent and implementing policies that have led to a significant deterioration of the country's economy and social well-being. In May 2004, the SPDC convened a National Convention as part of its "Roadmap" for democratic change, but the Convention (suspended since July 2004) appears to be on track to do little more than entrench military rule in Burma. In October 2004, junta hard-liners further consolidated their power by ousting former Prime Minister Khin Nyunt and replacing him with Soe Win, who was reportedly directly involved in the decision to carry out the May 2003 attack on Aung San Suu Kyi.

There are restrictions on the provision of U.S. assistance to the Government of Burma. Sanctions include a ban on new investment in Burma by U.S. persons, a ban on the export of any financial services to Burma from the U.S. or by a U.S. person, a ban on the importation of Burmese products into the U.S., an asset freeze, and visa restrictions affecting persons who formulate, implement, or benefit from policies that impeded Burma's transition to democracy, which the Secretary of State has determined includes the past and present leaders of the SPDC and United Solidarity Development Association and their immediate family members. Other governments have also placed sanctions on the junta.

Burma's mainly agrarian economy is in shambles due to years of mismanagement by the junta, which has exploited the country's rich natural resources for its own benefit. The business and investment climate remains poor, trade continues to shrink, and economic growth remains stagnant. Burma appears to have escaped the brunt of the December 26, 2004 tsunami, though there were casualties and some damage in southeastern coastal areas and in the Irrawaddy Delta southwest of Rangoon.

The U.S. remains committed to supporting democracy and meeting humanitarian needs. In FY 2006, ESF will support democracy promotion programs. To combat the growing HIV/AIDS epidemic, we will continue to fund NGOs such as Population Services International, which, through its services and its sub-grantees, seeks to heighten AIDS awareness, provide treatment and improve access to products and services designed to prevent HIV transmission. The U.S. also provides funding to combat HIV/AIDS and tuberculosis through the Global Fund, and is monitoring those grants (administered by UNDP) very closely.

FY 2006 ESF will provide critical aid to the growing number of displaced persons and victims of trafficking in Burma. Such funds are an important supplement to the funds already provided for Burmese refugees by the Bureau of Population, Refugees and Migration at the Department of State. This assistance

helps ethnic populations maintain their cultural identities, builds and strengthens grassroots democratic institutions, and maintains pressure on the SPDC to improve its human rights record and cease persecution of religious and ethnic minorities.

Cambodia
(\$ in thousands)

Account	FY 2004 Actual	FY 2005 Estimate	FY 2006 Request
CSH	29,360	28,700	27,400
DA	2,750	9,450	2,200
ESF	16,900	16,864	15,000
FMF	-	992	500
IMET	-	-	50
NADR-HD	3,466	3,920	3,500
NADR-SALW	300	250	200
NADR-TIP	150	-	-
P.L. 480 Title II	703	-	-

The United States' national interests in Cambodia include: promoting democratic practices and good governance; increasing respect for human rights; supporting market-led economic development; fighting the spread of infectious diseases, particularly HIV/AIDS, tuberculosis, malaria and dengue fever; and assisting Cambodia to attain the capabilities to deny international terrorists use of Cambodia as a base of operations. These efforts proceed against the background of continuing international competition for influence in Cambodia among its neighbors and regional powers. Cambodia has supported U.S. efforts to combat global terrorism by destroying its stock of man portable air defense systems (MANPADS) and through the arrest and conviction of five terrorists plotting attacks from inside Cambodia, including the conviction in absentia of Jemaah Islamiyah operations chief Hambali.

As a participant in the 1991 Paris Peace Accords on Cambodia, the United States has a long-term interest in Cambodia's national reconciliation and reconstruction. Cambodia still lacks the human capacity and resources to meet its development challenges. The central government lacks the financial resources to develop its education and health care sectors. As a result, adult literacy in Cambodia is estimated at only 70 percent, and only half of all adults over 25 years old have completed primary school. While the HIV/AIDS infection rate in Cambodia has fallen in recent years, it remains at epidemic levels due to low levels of education and limited medical facilities. Widespread corruption has led to the concentration of power in the hands of the wealthy, biasing the government's institutions against its predominantly poor population. While Cambodia has hundreds of non-governmental organizations focusing on social issues and human rights, they often lack the training and capacity to organize effectively.

Since 1997, legislative restrictions have prohibited U.S. Government assistance directly to the Royal Government of Cambodia (RGC). Over the last several years, Congress has provided a number of exceptions (such as for health and education) to this provision in the Foreign Appropriations bills, and we continue to work with Congress to gain greater flexibility. ESF in Cambodia supports USG objectives in several key areas, including those related to democracy, human rights, good governance, and anti-corruption. Assistance is almost entirely implemented through grants to NGOs or contracts with U.S. firms.

High infant mortality and high maternal mortality reflect the poor state of health care in Cambodia, especially outside of large cities. FY 2006 Child Survival and Health (CSH) funds will be used to support maternal and child health programs and meet the reproductive, family health and infectious disease needs of Cambodia's rural population, including HIV/AIDS prevention. CSH funds will also be used for training of health care providers, and outreach services for those infected with HIV/AIDS. FY 2006 Development Assistance (DA) funds will be used to improve basic education through implementation of a new primary

curriculum and publication of new textbooks, and to increase educational opportunities for disadvantaged populations, including disabled students, tribal groups and Muslims. The new curriculum intends to make education more relevant by including an expanded life skills curriculum. DA funds will also provide for the training of teachers and rehabilitation of school buildings.

FY 2006 ESF will focus on political party development (in preparation for the 2007 Commune council elections) in the context of a multiparty democracy and on human rights monitoring. Democracy and governance funds will support NGOs who challenge the system. Funds also will target professional party organization development, expand youth participation in politics, promote a more transparent judiciary, address natural resource and other economic management issues and encourage more responsible print media and access to television and radio media by opposition groups and NGOs. Human rights programs will focus on strengthening the skills of organizations to monitor, investigate and follow-up on human rights abuses. Funds also support an NGO conducting research to record and document the crimes of the Khmer Rouge. Other areas of potential involvement include basic education, anti-human trafficking, anti-corruption and expanded efforts to ensure greater public involvement in understanding and discussing economic and political issues in Cambodia.

In the social sector, U.S. assistance to NGOs, international organizations and the Ministry of Women's Affairs will support programs to combat human trafficking and aid the victims, mainly women and children. If legislative restrictions were lifted, assistance might also be used to reform the judicial sector.

FY 2006 FMF funds will provide training and non-lethal military equipment to modernize border and naval units of the Royal Cambodian Armed Forces and increase their ability to operate jointly with Ministry of Interior and National Police border units. Cambodia has been responsive to UN and regional calls for action in the fight against terrorism, but lacks sufficient resources and capability to do so effectively. In addition, FY 2006 IMET funds for Cambodia will provide training and education to the Cambodian military in order to improve its border surveillance and control. These activities are relevant to improving Cambodia's counter-terrorism, counter-narcotics, and anti-piracy efforts. IMET funds remain contingent on Cambodia's political situation and on whether certain restrictions on assistance to Cambodia are lifted.

Cambodia is eligible to receive Excess Defense Articles (EDA) in FY 2006 under Section 516 of the Foreign Assistance Act. EDA will help enhance Cambodia's border patrol capabilities.

Non-proliferation, Anti-terrorism, Demining and Related Programs (NADR) Humanitarian Demining Program (HD) assistance will fund the U.S. contribution to the humanitarian demining program, which is administered through an independent contractor and NGOs. Cambodia is among the top five nations in the world for the number of landmine victims, with over 800 casualties per year. International assistance is vital to Cambodian efforts to remove what is estimated to be as many as one million land mines and 2.5 million pieces of unexploded ordnance. It is conservatively estimated that at the current rate of demining, it will take 15-20 years to reach a "mine safe" condition. FY 2006 NADR Small Arms/Light Weapons Destruction (SA/LW) funds will help stop the proliferation of Cambodian small arms and light weapons through funding for physical security upgrades at weapon storage sites and destruction of excess small arms and light weapons.

East Timor

(\$ in thousands)

Account	FY 2004 Actual	FY 2005 Estimate	FY 2006 Request
ESF	22,367	21,824	13,500
FMF	2,420	992	1,500
IMET	159	300	300
P.L. 480 Title II	669	-	-
Peace Corps	1,320	1,402	1,583
PKO	1,050	1,000	-

The U.S. has important political and security interests in East Timor. The people of East Timor celebrated full independence on May 20, 2002, completing a rapid transition from United Nations administration to self rule to include the development of a constitution, election of President Xanana Gusmao, transformation of the Constituent Assembly to the National Parliament and inauguration of the new Prime Minister and Cabinet of Ministers. The UN Mission of Support in East Timor (UNMISSET) is currently scheduled to close on May 20, 2005. The Government of East Timor was one of the first countries in Asia to sign an Article 98 agreement with the U.S. and has expressed interest in receiving counter-terrorism training from the United States.

The U.S. intends to continue to help East Timor with assistance aimed at establishing a stable and secure democratic government and a growing market economy. Our goal is the emergence of a viable, democratic East Timor that is integrated politically and economically into regional and global structures and markets. For democracy, rule of law and stability to take permanent hold in East Timor, the U.S. must continue to support the development of stable political and economic institutions in East Timor.

The establishment of East Timor as a viable democracy will require substantial institution building. The top priority for Economic Support Funds (ESF) in FY 2006 will be to support private sector led growth of East Timor's economy, whose infrastructure—never very developed—was seriously damaged by a concerted campaign of violence after East Timor voted for independence in 1999. ESF will help establish prosperous trade links with other nations in the region and to integrate East Timor economically into the global community. To promote trade and combat unemployment—which will likely be exacerbated by withdrawal of the UN in 2005—ESF will continue to support sustainable agricultural development, as well as development of niche market commodities (such as vanilla) and improve agricultural diversification and productivity. To reduce rural poverty and increase employment, ESF will be used to provide micro-credit to rural families and to establish and expand micro and small-size private enterprises.

East Timor is the newest country in the world as well as one of the poorest. Its health and economic indices are among the worst in the world. The establishment of East Timor as a mature and stable democracy with a free and productive economy will continue to require substantial institution building in FY 2006. Significant efforts to promote private sector development, consolidation of democratic institutions, a functional and professional legal system, and targeted improvements in the struggling health system will require ESF. The need for ESF funds will be particularly acute in light of the substantial economic, political, and social impact of the expected withdrawal of the United Nations Mission in East Timor (UNMISSET) in May of 2005.

ESF also will support the development of an independent judiciary and a fully functional legal system; developing local governance; mitigating political conflict through information campaigns and promoting dialogue; reducing corruption; developing the necessary legislative framework for good governance; and

supporting democratic elections. ESF will continue to support, although to a lesser extent than in previous years, programs and activities for the development of civil society in East Timor. Finally, ESF will fund a health program to reduce the country's child and maternal mortality rates, both of which are the highest in Asia and among the highest in the world.

East Timor has established a modest defense force, Timor Leste Defense Force (FDTL) of 1,500 active duty personnel. Although East Timor's security will depend in large measure on good relations with neighboring countries, the new nation will require a military that is trained and equipped with items needed for basic self-defense, including support, communications, transportation, and equipment. Foreign Military Financing (FMF) will help ensure the establishment of an appropriately equipped force by facilitating the acquisition of basic military equipment. In FY 2006, FMF will focus on three key objectives: (i) creating and consolidating a competent defense establishment which provides policy and strategic direction for the (FDTL) under the rule of law; (ii) aiding FDTL to gain the capabilities required to perform civic actions and respond to natural disasters and other emergencies; and (iii) training, preparing, and equipping FDTL to defend the sovereignty and integrity of the country by deterring aggression, defeating incursions, and delaying enemy forces until external help arrives.

The 2006 FMF program for East Timor is part of a multi-year effort that has been thoroughly coordinated with the U.S. Theater Security Cooperation Plan. The funds will be used to: (i) provide logistical assistance to FDTL and assist it in developing its own logistical capabilities; (ii) deploy Mobile Training Teams which will help develop the capabilities of the civilian defense establishment as well as provide training on other areas including civil-military relations, medical skills, and engineering; and (iii) raise the operational rate of vehicles/equipment and procure other material needed for core military operations, including the involvement of the military in civic action projects.

The FY 2006 IMET will continue to support the East Timor Defense Force's (ETDF) transition from a guerilla army to a democratic, professional, and effective force. Initial funding has supported English language training; we now seek ETDF attendance at entry-level Professional Military Education courses. We plan to include civilians in IMET training to promote improved transparency, budgeting, logistics, and management. IMET funds will facilitate the development of a professional military force as East Timor becomes more responsible for its security after UNMISSET's departure in May of 2005.

East Timor will be eligible in FY 2006 to receive Excess Defense Articles (EDA) under Section 516 of the Foreign Assistance Act. EDA will support the U.S. objectives of supporting East Timor's self-sufficiency, disaster management and humanitarian assistance relief, as well as of developing a professional, effective defense force.

Fiji
(\$ in thousands)

Account	FY 2004 Actual	FY 2005 Estimate	FY 2006 Request
FMF	-	248	500
IMET	229	250	250
Peace Corps	1,439	1,758	1,894

Since the coup and military mutiny of May 2000, Fiji's government has resolved political differences between its ethnic communities in a manner consistent with Fiji's constitution. In September 2003, military-to-military relations were normalized, allowing for full security assistance to resume. U.S. interests in Fiji include encouraging stable and democratic government, promoting economic prosperity by facilitating U.S. trade and investment and supporting efforts to open markets and promote broad-based growth. The U.S. and Fiji work together in regional organizations such as the Pacific Islands Forum and the Pacific Community. In December 2003 Fiji signed an Article 98 Agreement with the United States.

Fiji has a long history of contributing troops to multilateral peacekeeping missions over the years in Lebanon, Zimbabwe/Rhodesia, Afghanistan, Pakistan, Sinai, Kuwait, Somalia, Rwanda, Bougainville and East Timor. In 2003, Fiji contributed military and police forces to the Australian-led effort to restore peace and stability in the Solomon Islands. In 2004 Fijian troops were deployed to Iraq to provide security for the United Nations.

After years of absence from the International Military Education and Training (IMET) program, there is an extensive gap in U.S. trained Republic of Fiji Military Forces (RFMF) officers. While some senior officers previously had the opportunity to participate in the program, mid and junior grade officers and Non-Commissioned Officers have only recently become eligible, and they now are the primary targets of IMET. Professional military education programs that highlight the role of the military in a democracy and human rights issues are the priority; a secondary focus is to train a cadre of maintenance personnel and establish an equipment maintenance program to better support U.S.-origin equipment procured through the Foreign Military Financing (FMF) program.

The modest FMF funds requested for FY 2006 will help provide essential equipment for the Fijian Defense Force. In FY 2006, FMF funds will enhance Fiji's ability to continue making valuable contributions to U.S. and multinational peacekeeping activities worldwide. Funds will procure equipment necessary to participate in peace support operations, including individual soldier equipment such as body armor and night vision devices and interoperable tactical communications equipment. FMF also will procure training aids, such as training munitions and simulation equipment.

Fiji is eligible to receive Excess Defense Articles (EDA) in FY 2006 under Section 516 of the Foreign Assistance Act. EDA will also support Fiji's ability to contribute to regional peacekeeping endeavors.

Indonesia
(\$ in thousands)

Account	FY 2004 Actual	FY 2005 Estimate	FY 2006 Request
CSH	33,000	36,700	27,540
DA	33,291	27,848	48,424
ESF	49,705	64,480	70,000
FMF	-	992	1,000
IMET	599	600	800
INCLE	-	-	5,000
NADR-ATA	5,778	5,300	5,300
NADR-EXBS	220	-	450
P.L. 480 Title II	3,315	11,900	18,190

In a post 9/11 world, it is important to the United States that the world's fourth largest country with the world's largest Muslim population is a stable democracy. Indonesia's contribution to the Global War on Terror is also a vital U.S. interest.

In 2004, Indonesia held a successful series of elections culminating in the direct democratic election of a new president. That achievement continued the relentless democratic transition that Indonesia has undergone since autocrat Soeharto resigned in 1998 after three decades in power. Since 9/11 2001, Indonesia has been the target of several tragic terrorist attacks by groups with ties to Al Qaeda. The government has taken the threat seriously, arresting more than 130 terrorists since the 2002 Bali bombings and convicting more than 100. Economically, Indonesia remains challenged. It has not yet fully recovered from the 1997-98 Asian financial crisis and net foreign investment remains negative, while all other major ASEAN countries have positive foreign investment.

Developing Indonesia's democratic, educational, economic, police and justice sector, and social institutions – as the programs described below intend to do – is mutually beneficial to both the United States and Indonesia

In FY 2006, Child Survival and Health funds will provide technical assistance and training activities to improve Indonesian health, water and nutrition services. Critical program interventions will support the achievement of Millennium Development Goals through the provision of higher quality basic human services to the people of Indonesia, especially at the local level. Basic human services include: health care, clean water and sanitation under the President's Water for the Poor initiative, HIV/AIDS prevention, reduction in the spread of infectious diseases such as tuberculosis and malaria; food and nutrition assistance; and watershed and biodiversity conservation. These programs will have a direct impact on protecting the lives of vulnerable mothers and children, reducing the impact of infectious diseases, and preserving the environment.

In FY 2006, DA funds will provide technical assistance and training activities that will support the social, democratic and economic development of Indonesia. This will be accomplished through activities that increase the quality of basic education, provide higher quality basic human services, and promote economic growth. An additional \$11 million in DA funding will allow USAID to remain engaged in longer term developmental activities in the areas of economic growth and democratic governance, complementing proposed ESF funding for shorter term, policy-driven assistance programs in these sectors. Finally, the

additional DA funding will be used to support programs under the President's Water for the Poor initiative, complementing proposed CSH support for certain elements of the "basic human services" program.

The FY 2006 ESF for Indonesia will provide technical assistance and training activities that will: strengthen counter-terrorist initiatives (financial crimes; money laundering); improve the quality of basic education for ten percent of Indonesia's children; promote participatory, transparent, and accountable decentralized governance, democracy and human rights; promote economic growth and prosperity; and support enhanced public diplomacy programs.

In FY 2006, \$15 million will support the President's \$157 million Education Initiative for Indonesia (an increase from \$10 million in FY 2005). Of this \$15 million total, \$11 million will be programmed by USAID and \$4 million by the Embassy Public Affairs Section (PAS).

ESF for education will support our counter-extremism objectives by promoting tolerance, critical reasoning, commitment to democratic processes and awareness of global viewpoints among Indonesian students in both public and private schools. We have worked hard and successfully with Indonesian leaders to emphasize the secular orientation of this timely initiative, how the initiative reflects the GOI's stated priorities on education reform, and to overcome suspicion of U.S. intentions.

Under the planning budget scenario of \$157 million over FY 2004 to FY 2009, assistance will directly reach up to 100 local governments, including currently underserved districts, and four million students (10 percent of the national total). At least \$110 million of program resources will be used to improve teaching and learning, education governance, community involvement in school management, and the rationalization of increased funding. An estimated \$23 million of the resources will target out-of-school youth. The remaining \$24 million will be used to continue Fulbright scholarships, deepen engagement with Islamic educational institutions, and other educational exchange programs managed by PAS. USAID will leverage the assistance of other donors as well as private sector funds. Donor coordination is already underway, particularly with Australia.

In FY 2006, ESF is proposed for Democratic and Decentralized Governance programs. ESF-supported activities will assist Indonesia's democratic reform efforts during this critical next phase of the country's transition from authoritarianism to democracy following peaceful and the historic legislative and presidential elections in 2004 (second round of presidential elections on September 20, and presidential inauguration on October 20, 2004). The goals are to improve the justice sector; to address corruption; and to focus on strengthened participatory, transparent, accountable governance at the local level.

In FY 2006, ESF will be committed to Economic Growth and Governance programs. The main goal is to help key economic institutions develop and implement policies that will improve conditions for trade and investment. This work is important given the economic context: Indonesia has regained macroeconomic stability after the late 1990s financial crisis, but current GDP growth is insufficient to absorb new entrants to the workforce and the continued unpredictability in the investment climate has resulted in a significant foreign direct investment decline.

A new allocation of approximately \$3.5 million is requested to support our public diplomacy programs through exchange programs, assistance to moderate Muslim organizations, internship programs for Indonesian journalists to strengthen the quality of Indonesia's free press, and special visitor exchange programs focusing on conflict resolution, human rights, and rule of law.

Funds will help stabilize conflict situations in strategic areas of Indonesia, such as Aceh (work that was planned before the earthquake/tsunami). Continuing the work in this area in recent years, the funds will be

used to engage antagonists in dialogue, address root causes of conflict, and assist victims, including over one million IDPs.

The FY 2006 counterterrorism training program activity for Indonesia will shift from two years of Task Force operational training, equipping, formation and deployment to program transition, sustainment, oversight and liaison. Six operational elements, consisting of 279 police officers trained in Crisis Response Team (CRT), Explosives Incidents Countermeasures (EIC), and Counterterrorism Investigation will have been formed and deployed by the end of FY 2005.

In FY 2006, ATA will deliver advanced training in CRT and EIC train-the-trainer courses to assist the police in transitioning to self-training and Task Force expansion. Force integration and operational planning training will be offered to those in key command and control positions, while senior leaders and operational-level tactical commanders will participate in crisis management seminars and scenario-driven exercises. Force projection and operational capabilities assessments and advice and assistance consultations will be undertaken with police planners and logisticians.

The FY 2006 IMET allocation for Indonesia, currently limited to Expanded IMET courses, will continue to build upon the ongoing reform program and professionalization of the Indonesian military. The early days of the international response to the earthquake and tsunami illustrated the need for increased professional links between the Indonesian and U.S. militaries. It became clear that Indonesian officers have limited English language ability or international experience. Indonesia's key location along strategic sea lanes makes its ability to provide security and order within and along its borders imperative. Because of the Indonesian military's influential role in society, democratic civil-military reform is a coordinated two-part process, involving strengthening the civilian defense institutions at the same time that the military is professionalized. Indonesian society is currently conducting a vigorous internal debate regarding the future role of its armed forces, so continued influence along these lines is both necessary and timely. IMET funding complements the efforts of other programs in facilitating the development of a professional military that is both able to carry out its defense tasks and remain responsive to the political decisions of a competent civilian national command authority.

Indonesia is a center of transnational criminal activity and home base for international terrorist groups that threaten the region, U.S. allies, and the United States. Indonesia recognizes the need for and has requested assistance with police recruitment and basic and advanced training, marine police reform, environmental crimes, cybercrime and financial crimes, drug law enforcement and criminal justice reform.

Training, technical assistance and equipment will support the development of the Indonesian National Police and its Marine Police component into modern and effective civilian forces respectful of the rule of law and human rights. Technical assistance and training in the areas of criminal investigative skills and anticorruption measures, including the development of standards of operations, will be integrated into the police-training program. Funding will be provided to attack corruption and reform the criminal justice sector through the development of police-prosecutorial task force. INL also will begin the close-out phase of the police instructor program ("train-the-trainer").

Laos
(\$ in thousands)

Account	FY 2004 Actual	FY 2005 Estimate	FY 2006 Request
IMET	-	50	50
INCLE	2,000	1,984	1,000
NADR-HD	1,412	2,500	3,000

U.S. national interests in Laos center around five main policy areas: (1) achieving the fullest possible accounting and recovery of 377 POW-MIA cases from the Indochina conflict; (2) promoting respect for human rights, including religious freedom; (3) implementing economic reforms in order to move Laos towards a market-oriented economy; (4) cooperating on counter-narcotics programs, and other efforts to combat transnational crime, with the aim of reducing the cultivation of opium and demand for drugs as well as improving law enforcement; and (5) assisting in the removal of unexploded ordnance (UXO) from the Indochina conflict. In addition, Laos has publicly announced its support for USG efforts in the global war on terrorism. The Lao government signed an Article 98 agreement, issued an assets freeze order, and acceded to eight of the twelve UN anti-terrorism conventions.

Laos is one of the ten poorest countries in the world. The Lao government is taking steps to improve its people's standard of living, particularly through the implementation of its National Growth and Poverty Eradication Strategy. The government is slowly adopting market reforms to move the economy away from a centrally-planned system. It has increased its engagement with the international community, particularly through its membership in the Association of Southeast Asian Nations (ASEAN). It currently holds the ASEAN chair.

Laos, however, faces several challenges in its attempts to implement its development goals. There is minimal international investor interest in Laos outside of some mineral extraction opportunities and a nascent tourism industry. The Government of Laos (GOL) is pursuing several hydro-power projects, but it is not certain that they will be implemented. Laos is a major opium producing country, serves as an increasingly important drug transit point, and faces a rapidly growing problem with methamphetamine usage. Unexploded ordnance (UXO) continues to wound and kill a significant number of Lao citizens and inhibits efforts to expand agricultural production and infrastructure development by rendering plots of land unusable.

The FY 2006 request for International Military Education and Training (IMET) will support POW/MIA accounting efforts through English-language training programs to Lao citizens involved in Joint Task Force (JTF) activities. This assistance should increase the ability and speed of communications between U.S. and Lao personnel, thereby enhancing the efficiency of JTF activities.

Laos is eligible to receive Excess Defense Articles (EDA) in FY 2006 on a grant basis under Section 516 of the Foreign Assistance Act. Grant EDA items, including communications equipment and transportation assets, will support U.S. counter-narcotics and the POW/MIA goals as well as demining activities.

The FY 2006 request for Humanitarian Demining (HD) programs under the Non-Proliferation, Anti-Terrorism, Demining and Related Programs (NADR) account continues the USG commitment to assist Laos in clearing UXO and landmines from areas that were heavily bombed during the war. U.S. funding will continue to support humanitarian mine action (HMA) activities of NGOs and international organizations, as well as the National Regulatory Agency (NRA), which manages HMA and the implementation of the national strategic plan in Laos. This increased funding will enable the USG, the Lao

government, and their partners to build on the significant progress made in removing UXO and to expedite reaching the goal of making Laos free from UXOs.

International Narcotics Control and Law Enforcement (INCLE) funds target alternative development, law enforcement, and crop control programs. The principal activity is road construction projects in Luang Prabang province to provide market access to farmers growing crops other than opium, an important program if alternative development efforts are going to be viable in the long run. INCLE funds also will support training and maintaining special counter-narcotics police units, implement demand reduction projects to treat drug addicts, and assist in public outreach against drug use.

Malaysia
(\$ in thousands)

Account	FY 2004 Actual	FY 2005 Estimate	FY 2006 Request
IMET	939	1,100	900
NADR-ATA	-	870	900
NADR-EXBS	230	150	750

Malaysia, a key Muslim-majority state in Southeast Asia, cooperates closely with the U.S. in counter-terrorism, military relations, trade and education. Since the 2002 signing of a bilateral counterterrorism cooperation declaration, Malaysia has been an especially important partner in the global campaign against terrorism. The Government of Malaysia (GOM) also hosts the Southeast Asia Regional Counterterrorism (CT) Center (SEARCCT), for which we offer training. Malaysia is our 10th largest trading partner and is an important market for U.S. goods and services.

From its strategic position along the Strait of Malacca and the South China Sea, Malaysia devotes considerable resources to maintaining safe and free shipping lanes for commercial and military vessels. In FY 2006 we will work to further enhance US-Malaysian cooperation on maritime security, both bilaterally and in multilateral fora, where Malaysia plays a leading role in the Association of Southeast Asian Nations (ASEAN), the ASEAN Regional forum. Malaysia seeks to be an influential voice on Islamic and Middle Eastern issues and is currently the Chair of the Organization of the Islamic Conference (OIC). Malaysia also is the current chair of the Nonaligned Movement (NAM). Malaysia is playing a positive role in the peace process in the southern Philippines by facilitating talks between the Philippine Government and the Moro Islamic Liberation Front (MILF).

FY 2006 IMET funds will contribute significantly to regional stability by strengthening our military-to-military ties and familiarizing the Malaysian military with U.S. doctrine, equipment, and management techniques. IMET also will reinforce the Malaysian military's commitment to human rights and good civil-military relations and help expand our cooperation with Malaysian military leaders. Malaysia has been active in multinational peacekeeping operations, which necessitate training that promotes interoperability. Malaysia is also engaged in training that will improve the military's ability to combat narcotics trafficking and money laundering operations.

IMET funds for Malaysia have resulted in additional benefits, such as the formation of good working relations with the Malaysian military. The Malaysian military shares our fundamental values about the military's role in society, and military-military and civilian-military cooperation is broad, open, and active. Participation in IMET is highly valued by the Malaysian military, and IMET graduates continue to advance steadily. Malaysia's Chief of Army is a 1980 graduate of the U.S. Army Command and General Staff College at Fort Leavenworth. Exposure to U.S. ideals promotes respect for human rights throughout a key branch of Malaysia's government; the Malaysian military has not been involved in systematic violations of human rights. IMET also will enhance Malaysia's ability to participate in international peacekeeping activities.

Malaysia will continue to be eligible in FY 2006 to receive Excess Defense Articles (EDA) under Section 516 of the Foreign Assistance Act. EDA will support the U.S objectives of maintaining a stable and cooperative military relationship and improving Malaysia's peacekeeping capabilities.

Non-Proliferation Anti-Terrorism Demining and Related Programs (NADR) Antiterrorism Assistance (ATA) funds will support the Malaysia CT Center. To add efficiency and promote regional cooperation in

CT policy with Malaysia's neighbors, we will continue to utilize SEARCCT. NADR/ATA funds will support training courses and a SEARCTT liaison officer.

As part of efforts to prevent the proliferation of weapons of mass destruction, their delivery systems, related technologies, and other weapons, the United States plans to provide Non-Proliferation Anti-Terrorism Demining and Related Programs (NADR) Export Control and Related Border Security Assistance (EXBS) funds for cooperative program in Malaysia. FY 2006 NADR/EXBS funding is focused on improving enforcement, licensing, and industry outreach procedures and capabilities.

Mongolia
(\$ in thousands)

Account	FY 2004 Actual	FY 2005 Estimate	FY 2006 Request
ESF	9,941	9,920	7,500
FMF	995	992	2,500
IMET	872	850	875
Peace Corps	1,646	1,820	1,872
PKO-SUP	1,000	-	-

As the first communist country in Asia to reform its economy and political system, Mongolia provides an important example to others in East Asia, Central Asia, and elsewhere on how to manage an economic transition within a democratic political framework. The U.S. has a clear national interest to support Mongolia's transformation into a secure, democratic and stable country that can contribute to the security and prosperity of the Asia Pacific region. It is in the U.S. interest to enhance Mongolia's ability to integrate into regional fora that promote security, democracy, economic cooperation, and efforts to combat transnational crime. Mongolia's active participation in, for example, the ASEAN Regional Forum (ARF) and the Organization for Security Cooperation in Europe (OSCE) as well as its consistent support for U.S. policy goals in the East Asia/Pacific region (e.g., the Six Party Talks and the de-nuclearization of the Korean Peninsula) and for the global war on terrorism (e.g., its commitment to peacekeeping and reconstruction in Iraq and Afghanistan), are tangible demonstrations of the effectiveness of our assistance to Mongolia. Since the early 1990s, U.S economic and military assistance to Mongolia has supported Mongolia's transformation to a market-oriented democratic society, with an appropriately trained and equipped modern armed forces able to secure Mongolia's borders and to participate in international peacekeeping missions.

The FY 2006 Economic Support Funds (ESF) program covers crucial areas – policy reform, competitiveness, and democratization. Continued progress in these areas will be critical to assuring Mongolia's continued eligibility for MCA resources and to the long-term sustainability of the programs funded by MCA.

Our current five-year ESF-funded economic assistance strategy (FY 2004-2008) focuses on two of Mongolia's most pressing concerns: developing sustainable private sector-led economic growth and more effective and accountable governance. Efforts to promote sustainable, private sector-led growth are focused at the policy, company, and "grassroots" levels. At the policy and company levels, the Economic Policy Reform and Competitiveness Project (EPRC) provides training and advice to government and the private sector. The project has helped the GOM develop a package of proposals for tax reform, established an "Open Government" website for posting new legislation and conducting on-line chats with the public; and has made important progress toward the privatization of the energy sector. In addition, EPRC is helping to strengthen Mongolia's nascent chapter of Transparency International to serve as a watchdog on corruption; is working with the textile industry to prepare for the expiration of the Multi-Fiber Agreement, and is strengthening GOM capacity to conduct trade negotiations. At the grassroots level, business training provided to migrants from rural to peri-urban areas and to herders and related businesses in the harsh Gobi Desert region helps extend knowledge about the market economy, including sound business practices, to a much larger segment of the population. As a result, over 500 small businesses were either created or significantly strengthened during the past year, and more than 1500 people were placed in jobs.

Within the democracy and governance portfolio, the Judicial Reform Project has helped the court system train every judge in the country, improved case management and court administration, introduced new

approaches to continuing legal education, and helped address corruption in the legal sector. As a result of our assistance, all courtrooms are now fully automated, and public access to information is increasing dramatically. Additionally, in the past year, ESF-funded work with political parties led to a more representative parliament after the June 2004 general election, while our work with the Parliament led to passage of a far-reaching reform bill intended to strengthen the ability of parliamentary committees to oversee the government. These successes notwithstanding, important challenges remain. Poverty is stubbornly high at around 33 percent, the judiciary and civil society remain weak, corruption remains high, public access to the decision-making process is limited, the Parliament has yet to emerge as an effective overseer of the executive branch, and the participation of women in the political process is strikingly low (women hold only five seats in Parliament, for example, and none of the 21 regional governorships). Our work in FY 2006 and beyond will focus on these issues.

Mongolia must be able to protect and maintain its own borders and to cooperate with its neighbors and regional partners to combat transnational crimes, such as cross-border trafficking of narcotics and people, and to prevent terrorists from entering and transiting the country. Mongolia shares a 4,700-mile border with China (2,800) and Russia (1,900). North Korea is only some 500 miles to Mongolia's east. The Foreign Military Financing (FMF) request will assist the FMF-funded communications upgrade project, which will greatly enhance Mongolia's ability to deal with transborder issues, including illegal drug and goods trafficking. The border communications project has been connecting the Russian-bordered Western province of Uvs with the capital and will be expanded to include the eastern province of Dornod in 2006. These issues are among Mongolia's most critical security concerns since they hold the potential to disrupt the stability of the current democratic government. Additionally, FMF will procure communications and individual soldier equipment for Mongolia's peacekeeping units.

Civilian control of the military, military justice, respect for international human rights standards and preparation for participation in peacekeeping operations are promoted by International Military Education and Training (IMET) programs for Mongolia's Armed Forces. Such education is essential if Mongolia's military is to continue to move away from Soviet-era military doctrine, policy and procedures. In FY 2006, E-IMET courses will continue to train senior leadership and promote military reform and restructuring. IMET-funded language and professional military training not only strengthened U.S.-Mongolian military ties but also built a cadre of pro-U.S. reformers in the most critical leadership positions in the armed forces. The commanders who lead Mongolia's first, second and third rotations in Iraq were all IMET graduates, as is the current Defense Attache at the Mongolian Embassy in Washington. Program will continue to focus on force structure, civil-military relations, civilian oversight of the military budget and drafting democratic defense legislation. These programs, enthusiastically attended by Mongolian personnel at all levels, will help develop a friendly and capable coalition partner, fully interoperable with U.S. forces.

Mongolia will be eligible to receive Excess Defense Articles (EDA) on a grant basis under Section 516 of the Foreign Assistance Act in FY 2006. Grant EDA will support disaster management, humanitarian assistance/relief and procure needed equipment for the newly forming peacekeeping battalion.

Papua New Guinea

(\$ in thousands)

Account	FY 2004 Actual	FY 2005 Estimate	FY 2006 Request
IMET	292	300	300

U.S. national interests in Papua New Guinea (PNG) derive from our overarching interest in regional stability and PNG's strategic importance to our treaty ally Australia. PNG is the largest and most populous island nation in the South Pacific and neighbor to the troubled Indonesian province of Papua. PNG is also home to one of the world's last large remaining tropical rain forests. U.S. interests include strong democratic institutions, development of disaster relief capabilities, continued progress in the transition from civil strife to constitutional rule of law in Bougainville province, a free enterprise economic system, and improved stewardship of diverse natural resources. The benefits of a stable, lawful and prosperous PNG include fewer human rights violations, less environmental degradation and prevention of international organized crime.

In Bougainville, continuing efforts to establish a government of reconciliation require that PNG armed forces retain a small presence. Their cooperation will be necessary for any lasting settlement on the island. PNG has offered troops to the coalition effort in Iraq, hoping to join with other nations in the Global War on Terrorism. Continuing International Military Education and Training (IMET) programs will help build a more professional and better-disciplined PNG Defense Force (PNGDF), enhance PNGDF ability to patrol the long border with Indonesia, and improve PNGDF capability to monitor and detect illegal fishing and apprehend persons and vessels engaged in such fishing. IMET provides professional education and training to the PNGDF with emphasis on human rights, civil-military relations, rule of law and military justice. English language training contributes to the latter goal and offers increased opportunities for fruitful interaction with the U.S. military.

PNG will be eligible in FY 2006 to receive grant Excess Defense Articles (EDA) under Section 516 of the Foreign Assistance Act. Grant EDA for PNG will support U.S. objectives of more professional and effective forces and will enhance PNGDF capability to remove and neutralize unexploded ordnance in Bougainville and at World War II sites throughout the country.

Philippines
(\$ in thousands)

Account	FY 2004 Actual	FY 2005 Estimate	FY 2006 Request
CSH	28,850	26,800	21,400
DA	21,568	27,576	21,525
ESF	17,645	34,720	20,000
FMF	19,880	29,760	20,000
IMET	2,700	3,000	2,900
INCLE	2,000	3,968	2,000
NADR-ATA	-	500	5,000
NADR-SALW	-	100	150
NADR-TIP	750	-	-
Peace Corps	2,774	2,846	2,973
PKO-SUP	15,000	-	-

The U.S. has important security, commercial and political interests in the Philippines, a treaty ally that straddles important air and sea-lanes. The Philippines has actively supported the international anti-terrorism coalition and is working closely with the U.S. to enhance its counterterrorism capabilities. Its democratic institutions are under considerable stress due to economic weakness, corruption and resistance to reform by entrenched interests. President Gloria Macapagal-Arroyo was elected to a full six-year term in May 2004, in a close and hard-fought election that indicated widespread popular discontent. The Philippines has an important role to play in maintaining regional peace and security as an active member of the Association of Southeast Asian Nations (ASEAN) and the ASEAN Regional Forum (ARF). The Philippines has taken a leadership role in promoting a regional anti-terrorism approach. Under the 1999 Visiting Forces Agreement (VFA), the Philippines and the U.S. have strengthened bilateral security relations and worked together to bolster Armed Forces of the Philippines (AFP) capabilities. In recognition of the critical nature of Philippine support to the Global War on Terrorism, President Bush in late 2003 designated the Philippines as a major Non-NATO Ally (MNNA). U.S. assistance includes funding for combating corruption, increasing support of education, accelerating economic liberalization, and promoting national reconciliation, particularly in Mindanao. It also supports structural reforms to increase the Philippines' strength as a market for U.S. investments and exports.

Economic and Support Funds (ESF) will help the Arroyo administration deal with nationwide problems as well as implement its peace initiative in Mindanao and fund the transition of Muslim separatist guerilla fighters to peaceful pursuits, such as farming. Nationally, it will fund broad programs to attack pervasive corruption and to reduce anti-competitive investment barriers. Of the \$20 million in FY 2006 ESF, 60 percent will go into programs in Mindanao that maximize the economic benefits of the earlier 1996 Peace Agreement with the Moro National Liberation Front (MNLF) and support outreach to other Muslim separatist groups. Should the Moro Islamic Liberation Front (MILF) reach a peace agreement with the Philippine Government, ESF could also be used to provide livelihood and reintegration programs for MILF like those previously provided to the MNLF.

FY 2006 Development Assistance (DA) programs, funded at \$21.5 million, will support education, livelihood, and microfinance programs in Mindanao, technical assistance to strengthen economic governance, justice sector reforms and anti-corruption programs, extension of electricity and clean water to remote areas, and the management of forestry and coastal regions.

FY 2006 Child Survival and Health (CSH) funds (\$24.6 million) will supply family planning, technical assistance to TB services and to improve the National Health Service program, child nutrition programs, and programs to counter the spread of HIV/AIDS.

Foreign Military Financing (FMF) will contribute to improving the military capabilities of our treaty ally in line with increasing cooperation under the VFA. FY 2006 FMF will provide spare parts for equipment, overhauls and upgrades; programmed depot maintenance and improved logistics; follow-on support to our initial CT investments; and support transfer and refurbishing of UH-1 helicopters promised to the Philippines by President Bush in 2003. A portion of the FY 2005 and FY 2006 FMF funding will be allocated to help the Philippine Government undertake systemic reform, retraining and restructuring of its military through the seven-plus year Philippine Defense Reform (PDR), for which the Philippines itself pays most of the overall cost.

The Philippines will continue to be eligible in FY 2006 to receive Excess Defense Articles (EDA), under section 516 of the FAA. EDA will support U.S. objectives of increased interoperability and standardization within the AFP as well as improved participation in peacekeeping operations.

The FY 2006 International Military Education and Training (IMET) funds will focus on professional military education (to include professionalism, discipline and commitment to human rights) as well as “train the trainers” courses in the areas of maintenance and logistics. In past years, IMET training helped to encourage civilian control over the military, leading to a decline in the number of reported incidents of human rights abuses. Protests by IMET-trained junior officers against corruption by senior officers, the arrest of several retired senior officers, and the court martial of a former military comptroller show the incremental effect such training has. AFP IMET graduates have actively promoted close professional U.S.-AFP military-to-military relations.

Nonproliferation, Anti-terrorism, Demining, and Related Programs Antiterrorism Assistance (NADR/ATA) and International Narcotics Control and Law Enforcement (INCLE) funds will strengthen weak Philippine law enforcement to deal with both terrorism and narcotics and human trafficking groups. With INCLE funds, a comprehensive assessment of the Philippine National Police (PNP) will be done. The results will be used to further develop a strategy to provide leadership, investigatory and organizational training and technical assistance to develop a more effective civilian-led police force. NADR/ATA-funded courses will focus on the financial underpinnings of terrorism and anti-money laundering assistance, which have proven greatly beneficial to Philippine legal, judicial and political authorities.

Samoa
(\$ in thousands)

Account	FY 2004 Actual	FY 2005 Estimate	FY 2006 Request
IMET	-	50	50
Peace Corps	1,293	1,392	1,444

U.S. national interests in Samoa grow out of our national security interest in regional stability. The U.S. strives to maintain close ties with Samoa, which is a consistent supporter of U.S. positions internationally. Samoa also is a close neighbor of the U.S. territory of American Samoa, with which it has long-standing family and cultural ties. Other interests include safeguarding the welfare of the many U.S. citizens and nationals who reside in or visit Samoa, encouraging broad-based economic growth, supporting improved capacity to protect the island's environment and natural resources, educating the public on health issues and encouraging economic growth.

Before its suspension in FY 2003 under the provisions of the American Service Members Protection Act, International Military Education and Training (IMET) was aimed at helping Samoa develop an effective maritime law enforcement and surveillance capability, which supported our objective of maintaining close ties with this friendly neighbor of the United States. Training in basic coastal surveillance and sea borne law enforcement skills was carried out in accordance with U.S. leadership doctrines, emphasizing civilian control. Department of Defense/Coast Guard resources contributed to broad-based economic growth in Samoa by assisting Samoa's maritime police patrol to strengthen enforcement of Samoa's maritime Exclusive Economic Zone and improving safety in Samoa's fishing fleet. IMET training has helped Samoan police officers participate more effectively in the UN-sponsored peacekeeping force in East Timor, which Samoa joined in 2000, and in peacekeeping operations in the Solomon Islands and Liberia. We are working to persuade Samoa to enter into a non-surrender agreement with the United States with regard to the International Criminal Court, which will restore Samoa's eligibility for IMET funded programs.

Samoa is eligible in FY 2006 to receive Excess Defense Articles (EDA) under Section 516 of the Foreign Assistance Act. EDA will assist Samoa is developing an effective maritime law enforcement capability and enhance interoperability with U.S. Department of Defense and Coast Guard forces.

Solomon Islands

(\$ in thousands)

Account	FY 2004 Actual	FY 2005 Estimate	FY 2006 Request
IMET	45	150	150
Peace Corps	27	30	30

In the interests of regional security, economic prosperity and reduced threat of conflict and environmental degradation, U.S. assistance to the Solomon Islands focuses on strengthening the nation's capabilities to secure its maritime borders, encouraging its democratic institutions and preserving its biodiversity.

International Military Education and Training (IMET) assists the country to strengthen the discipline, professionalism and integrity of its security forces and to develop an effective maritime reconnaissance force. Training in basic coastal surveillance and seaborne law enforcement skills helps guarantee that the 1997 Solomons-Papua New Guinea border agreement continues to be honored. It also increases the country's ability to maintain control of its own fishery resources. Enhancements in the Solomon Islands forces will allow it to work more effectively with the Regional Assistance Mission to the Solomon Islands (RAMSI), the Australian-led intervention that has restored law and order to the country and is now working to rebuild national institutions and systems of governance.

The Solomon Islands will be eligible in FY 2006 to receive grant Excess Defense Articles (EDA) under Section 516 of the Foreign Assistance Act. Grant EDA will support the U.S. objectives for the Solomons of achieving more professional and better-disciplined security forces and effective maritime law enforcement and surveillance capability, as well as the capability to remove unexploded ordnance from World War II.

Thailand
(\$ in thousands)

Account	FY 2004 Actual	FY 2005 Estimate	FY 2006 Request
ESF	-	992	-
FMF	881	1,488	1,500
IMET	2,572	2,500	2,400
INCLE	2,000	1,608	1,000
NADR-EXBS	380	750	1,000
NADR-TIP	1,000	-	-
Peace Corps	1,840	2,243	2,373
PKO-SUP	500	-	-

The U.S. has important political, economic, strategic and security interests in Thailand, which was designated a Major Non-NATO ally in 2003. A stable democracy, Thailand serves as both a model for development and democratization, and as a useful base of operations for our programs and activities in Southeast Asia and beyond. In addition, Thailand plays a valuable role as a responsible regional actor as evidenced by its role as a base for humanitarian relief efforts following the devastating December 2004 tsunami. The U.S.-Thai trade relationship is strong and growing; in June 2004, the two countries began negotiating a Free Trade Agreement, only America's second with an ASEAN member. Thailand also works closely with the U.S. on refugees, HIV/AIDS, land mines and trafficking in persons. U.S. assistance to Thailand enhances our influence in a strategically important region, strengthens Thailand's efforts to combat terrorism, narcotics trafficking and other international crime, and reinforces military cooperation with a treaty ally. Thailand's stability in turn promotes economic development and encourages other countries to follow Thailand's trade liberalization.

Thai troops have served in Iraq and Afghanistan, as well as East Timor and Aceh. In the war on terrorism, Thailand captured Hambali, the operational chief of Jemaah Islamiyah and the Al Qaeda link to Southeast Asia, offered other key sensitive cooperation against priority targets, granted the United States overflight and landing privileges, cooperated closely on information sharing, and worked with us to curtail terrorist finance and track and impede the movement of terrorists. Thailand also occupies strategic ground in the war on drugs. Thailand borders two of the world's three largest opium producers and is a huge market for Burmese methamphetamines. Thai and U.S. law enforcement and military units work together in the battle against drug smugglers.

In FY 2006, FMF funds will increase the counterterrorism capabilities of Thailand's elite Special Forces units, enhance their status within the military and increase their capability to participate in coalition operations. FMF funds will provide a package of weaponry, targeting devices and communications equipment in order to enhance precision application of force and unit survivability while maximizing interoperability with U.S. forces.

IMET for Thailand has become an essential part of the U.S.-Thai alliance relationship. Thai IMET graduates hold a majority of senior military positions in the Defense Ministry, Supreme Command headquarters, and all services, and the Thai military ensures its best officers are able to take advantage of IMET opportunities. Through IMET, we are helping shape the Thai military of the future during a period of restructuring and downsizing. IMET affords Thai military officers the opportunity to attend all levels of Professional Military Education (PME) and English language instruction. Moreover, Mobile Training Teams (MTT) play an increasing role in support of the Thai military.

Thailand will be eligible to receive Excess Defense Articles (EDA) on a grant basis under Section 516 of the Foreign Assistance Act in FY 2006. EDA grants will advance interoperability, counterterrorism, counternarcotics and coalition peacekeeping goals, while enhancing U.S. influence and access.

INCLE programs help build, strengthen and reform criminal justice, law enforcement and investigative institutions to enhance Thai capabilities to meet the challenges of 21st century transnational and organized crime. Thailand is a key partner with the U.S. and a leader in efforts against drugs and crime, though it remains a hub of transnational criminal activity. A modest program implemented by the American Bar Association will help fight corruption in the criminal justice system in order to enhance judicial ethics. Funds also will support drug control assistance and crime control, including modest funding for demand reduction and regional narcotics control.

As part of efforts to prevent the proliferation of weapons of mass destruction, their delivery systems, related technologies, and other weapons, the United States plans to provide Non-Proliferation Anti-Terrorism Demining and Related Programs (NADR) Export Control and Related Border Security Assistance (EXBS) funds (\$1,000,000) for cooperative program in Thailand. FY 2006 NADR/EXBS funding is focused on improving enforcement, licensing, and industry outreach procedures and capabilities.

Tonga
(\$ in thousands)

Account	FY 2004 Actual	FY 2005 Estimate	FY 2006 Request
FMF	500	248	250
IMET	136	135	135
Peace Corps	1,093	1,187	1,110

The U.S. values Tonga's support in regional organizations, such as the Pacific Community, the Forum Fisheries Agency and the South Pacific Regional Environment Program. Tonga has consistently supported U.S. positions at the United Nations since joining in 1999. Tonga troops recently returned home after seven months of service in Iraq as part of the coalition.

Foreign Military Financing funds will influence Tonga positively toward regional stability, while expanding its ability to participate in multilateral operations and ensuring Tongan alignment with U.S. interests and objectives. Our objective is to bolster the Tongan military's peacekeeping capabilities as well as its capacity to detect, monitor, and interdict or disrupt activities of terrorists and transnational crime. This involves the procurement of individual soldier and communications equipment, as well as training in areas such as strategic planning, programming and budgeting, program management, intelligence support, logistics, transportation, and associated legal aspects.

IMET funding will help develop long-term positive relations with government, military, and security authorities as well as continue to support professionalization and reform within the security forces. This, in turn, will enhance Tonga's readiness to contribute to peacekeeping and coalition operations and to the global war on terrorism, and to combat terrorism, transnational crime and minimize natural disasters. Funds also allow the United States to act in concert with other concerned nations, Australia and New Zealand in particular, to promote military cooperation and civilian control in the southwest Pacific region.

Tonga is eligible to receive Excess Defense Articles (EDA) in FY 2006 under Section 516 of the Foreign Assistance Act. EDA will support Tonga's ability to contribute to regional peacekeeping endeavors and the development of an effective maritime law enforcement capability.

Vanuatu
(\$ in thousands)

Account	FY 2004 Actual	FY 2005 Estimate	FY 2006 Request
IMET	100	110	100
Peace Corps	1,778	2,055	2,162

U.S. national interests in Vanuatu center on strengthening the nation's democratic institutions. Other interests include building Vanuatu's capacity to secure its maritime borders and encouraging programs that protect the island's environment and fragile natural resources.

The small Vanuatu Mobile Force (VMF) must patrol a vast area of ocean. U.S. Coast Guard training in maritime law enforcement supplements Australian and New Zealand programs and upgrades VMF capabilities. International Military Education and Training (IMET) also helps improve force discipline and enhances its effectiveness in regional peacekeeping and disaster relief efforts.

Vanuatu will be eligible in FY 2006 to receive grant Excess Defense Articles (EDA) under Section 516 of the Foreign Assistance Act. Grant EDA will support the U.S. objective of improving VMF operational effectiveness in regional peacekeeping and disaster relief efforts.

The Millennium Challenge Corporation selected Vanuatu as an eligible country for FY 2004 and FY 2005. Vanuatu, however, must conclude a compact and maintain its eligibility to receive Millennium Challenge Account funds.

Vietnam
(\$ in thousands)

Account	FY 2004 Actual	FY 2005 Estimate	FY 2006 Request
CSH	6,100	1,200	500
DA	3,000	4,750	4,750
GHAI	10,000	22,145	28,015
IMET	-	50	50
NADR-EXBS	500	280	850
NADR-HD	2,714	2,850	3,500

The U.S. national interests in Vietnam include advancing human rights and religious freedom, promoting economic prosperity through global integration, expanding U.S. trade relations, and achieving the fullest possible accounting for the 1,403 Americans still listed as POW/MIA from the Indochina conflict. The U.S. also has an interest in helping disadvantaged groups, such as those at high risk of contracting HIV/AIDS; the disabled; displaced children; and victims of natural disasters, landmines and unexploded ordnance.

Our deepening economic, commercial and assistance relationship with Vietnam promotes civil society, encourages economic reform, draws the country further into the rules-based international trading system, promotes the interests of American workers, consumers, farmers and business people and helps promote the well-being of the Vietnamese people as well as greater inter-regional cooperation. In the three years since the U.S.-Vietnam Bilateral Trade Agreement (BTA) took effect, two-way trade has risen from just over \$1.3 billion to over \$6 billion.

The U.S. seeks to enhance Vietnam's ability to be a constructive regional player by encouraging Hanoi's active participation in the Association of Southeast Asian Nations (ASEAN), the ASEAN Regional Forum (ARF), APEC and other strategic dialogues. Vietnam also has supported global efforts in the war against terror, and has signed eight of the twelve UN conventions on terrorism.

Development Assistance funds will focus on Vietnam's transition to a more open, market economy by strengthening trade liberalization. Core activities are designed to promote further trade and investment reforms needed for the implementation of commitments in the U.S.-Vietnam Bilateral Trade Agreement and the requirements of accession to the World Trade Organization (WTO). These projects are enabling Vietnam's government to make the necessary regulatory and legal changes to implement our BTA and laying the foundation for the rule of law and an improved court system.

Vietnam is a focus country of the President's Emergency Plan for AIDS Relief (Emergency Plan). In FY 2006, increased Global HIV/AIDS Initiative (GHAI) funding will be provided to expand comprehensive and integrated prevention, care and treatment programs that are described in Section I under the heading Global HIV/AIDS Initiative.

Child Survival and Health (CSH) funds will focus on select vulnerable groups, including victims of war injuries, land mines or annual floods, as well as orphans and displaced children. For war and mine victims, activities will focus on providing orthotic and prosthetic devices as well as rehabilitation for those in need of artificial limbs. These funds will promote barrier-free access in building design and construction and increase the participation of the disabled in the decision-making process. There will be more emphasis on helping children with disabilities and developing local capacity to include them in educational programs. Future programs will place more emphasis on sustainability by building local capacities to support disabled groups.

Landmines and unexploded ordnance are a constant danger to civilians and a severe impediment to agriculture and economic development. FY 2006 Nonproliferation, Anti-terrorism, Demining, and Related Programs Humanitarian Demining (NADR/HD) funds will be used to continue to assist Vietnam with development of a comprehensive humanitarian demining program to protect the lives of innocent civilians and promote economic and agricultural development.

NADR funds also aim to provide export control assistance to strengthen Vietnam's ability to control, detect and interdict transfers of sensitive materials and technology that could contribute to weapons proliferation. As part of efforts to prevent the proliferation of weapons of mass destruction, their delivery systems, and related technologies, and other weapons, the United States plans to provide Non-Proliferation Anti-Terrorism Demining and Related Programs (NADR) Export Control and Related Border Security Assistance (EXBS) funds for a cooperative program in Vietnam. FY 2006 NADR/EXBS funding is focused on improving legal and regulatory, enforcement, and licensing procedures and capabilities.

In addition, the U.S. seeks the incremental development of the defense relationship to build trust and improve influence within the Vietnamese military, which has the largest standing army in ASEAN. The FY 2006 request includes funds for Expanded International Military Education and Training (E-IMET) courses to enhance English language proficiency among Vietnamese military officers. This will facilitate their attendance at conferences and confidence building and other security related meetings hosted by Pacific Command Headquarters. The United States has a national security interest in promoting a stable, globally integrated Vietnam by encouraging Hanoi's active participation in ASEAN, ARF, and other strategic multilateral seminars and symposia. Areas where we hope to expand cooperation with Vietnam include: exchanges between military medical experts and environmental security professionals; humanitarian demining; and joint search and rescue activities.

ASEAN
(\$ in thousands)

Account	FY 2004 Actual	FY 2005 Estimate	FY 2006 Request
ESF	994	744	2,500

U.S. engagement with ASEAN promotes a broad range of U.S. interests in the strategically important Southeast Asian region. ASEAN consists of ten Southeast Asian countries that are of growing importance to U.S. national economic, political and security interests. U.S. trade with ASEAN member states topped \$121 billion in 2003, but concerns about IPR, market access and the growing number of free trade agreements with third countries that may divert trade in the region. The United States has valuable security relationships with some ASEAN members and enhanced regional cooperation is essential to address our concerns over counterterrorism, maritime security and international crime. U.S. assistance provides the means to pursue these specific interests as well as providing tangible support for engagement with the peoples and governments in the region. ASEAN has been at the center of many regional integration efforts, and countries such as China, Japan, and Australia are strengthening ties with ASEAN.

Assistance from the ASEAN regional fund has supported activities under ASEAN Cooperation Plan (ACP), announced by the Secretary of State in August 2002. The ACP also supports elements of the President's Enterprise for ASEAN Initiative to develop trade with the region. These senior-level U.S. policy initiatives provide an essential regional presence for several U.S. government agencies in Southeast Asia and complement the work of other countries like China, Japan, Korea, India and the EU which have similar programs with ASEAN, but generally with greater funding.

Policy objectives with ASEAN are: 1) Bolstering the administrative and project implementation capacity of the ASEAN Secretariat. The U.S. has an interest in an effective regional support structure for meetings involving senior USG officials and a growing number of cooperative activities. Efforts also recognize that stronger regional institutions promote stability and enhance cooperation on priority issues within the region. 2) Building regional cooperation to address transnational challenges of importance to both ASEAN and the U.S., including terrorism, human trafficking, narcotics, HIV/AIDS and other infectious diseases. ASEAN is an effective partner in helping to solve problems that cross borders within the region. 3) Fostering ASEAN economic integration and development. This objective covers issues of interest to ASEAN, the U.S. government and our private sector, and includes cooperative work on investment policies, customs reform, standards, and the ASEAN Free Trade Area (AFTA).

Cooperation with ASEAN has been effective in promoting U.S. interests. The 20 projects completed or underway with ASEAN have:

- Provided technical assistance on IPR, applauded by both ASEAN officials and American business;
- Begun training on disaster management;
- Promoted good governance through work on competition policy and other issues;
- Gained greater transparency on industrial standards; and
- Helped to tackle trans-border HIV/AIDS problems.

FY 2006 funding will implement projects developed with other agencies, the private sector, civil society organizations, and ASEAN. Projects will include training and technical assistance on issues of importance to the United States such as disaster management, economic governance, counter-terrorism and regional integration.

Developing Asian Institutions Fund

(\$ in thousands)

Account	FY 2004 Actual	FY 2005 Estimate	FY 2006 Request
ESF	-	-	250

Strengthening regional organizations in which the U.S. participates is an essential component of effective U.S. engagement in the Asia-Pacific region. These organizations promote regional stability and offer us effective options for pursuing U.S. goals outside of traditional bilateral channels. Within the Asia-Pacific, there is an emergence and growing influence of regional organizations that do not include the USG. It is essential that we strengthen fora such as the Asia-Pacific Economic Cooperation (APEC) forum and the ASEAN Regional Forum (ARF) in which we do participate. Given the increasing importance of multilateral cooperation in the Asia-Pacific region, we need to back our agreed strategic interests with resources to accomplish them.

In an effort to advance our strategic interest in Asian regional institutions, the Department seeks to fund programs associated with Asian regional organizations such as APEC and ARF from a single new fund. Our request recognizes that Asian multilateral institutions operate differently than their European or Western Hemisphere counterparts. In Asian institutions, sponsorship of programs and events - rather than large contributions to the institutions themselves - is a primary means to advance goals and interests. This is reflected in the small (less than \$2 million) international organization contributions to Asian regional organizations, compared to over \$100 million in annual contributions to European and Western Hemisphere regional organizations. Thus, program budgets are essential to maintain our influence and advance our interests in Asian multilateral organizations. These Asian fora have proven effective in advancing U.S. interests. For example, APEC Trade Ministers' support for progress in the Doha Development Agenda went beyond what we were able to get from the G-8; the APEC Shanghai Model Port Project has cut customs clearance times from 3-4 days on average in 2001 to 3-4 hours on average now and is being replicated elsewhere; and ARF Maritime workshops have been a critical part of the USG strategy to enhance maritime security cooperation in Southeast Asia.

The Developing Asian Institutions Fund will support programs, events, technical assistance, training, and other activities that advance U.S. engagement in Asian regional fora, including APEC and ARF. These programs will advance broader U.S. regional goals, including counter-terrorism, anti-corruption, economic reform, trade, security, and non-proliferation. In the ARF, funds will support U.S. hosting and participation in agreed ARF programs to address traditional and non-traditional security issues, including maritime security, counter-terrorism, disaster management, and transnational crime. It will also fund activities and build capacity for the new ARF secretariat, known as the "ARF Unit," within the ASEAN Secretariat. In APEC, we will use funds to advance member economies' adoption of and adherence to already-agreed principles in areas such as trade facilitation and security, anti-corruption, and intellectual property protection.

Environmental Programs

(\$ in thousands)

Account	FY 2004 Actual	FY 2005 Estimate	FY 2006 Request
ESF	1,740	1,736	500

In FY 2004 Congress earmarked \$1.74 million to support EAP environmental programs, reflecting United States' interest in addressing environmental and related governance issues in the region. That funding supported activities in the Pacific Islands focused on protecting fisheries and natural resources. In Southeast Asia, FY 2004 funding will support a project to address the problem of trade in endangered species, including broader governance issues such as customs enforcement.

With the FY 2005 Congressional earmark, EAP plans to work with OES to support the President's Initiative Against Illegal Logging, to meet the environmental requirements of the Trade Act of 2002, and to support the Administration's policy on climate change. We also will work with USAID and State/OES to support additional environmental improvements in Pacific Island states and Southeast Asia.

We plan to utilize the requested \$0.5 million for FY 2006 to meet the Administration's priorities to improve coastal and fisheries resource management in the small Pacific Island states, support environmental provisions in U.S.-Asian trade agreements, and/or promising regional efforts to improve the environment in Southeast Asia's polluted cities.

Pacific Islands

(\$ in thousands)

Account	FY 2004 Actual	FY 2005 Estimate	FY 2006 Request
ESF	-	-	100

The Pacific Islands Fund is a small-scale, high-impact grant program that supports projects in twelve Pacific Islands states. Potential FY 2006 projects include water and waste management, private sector/entrepreneurial development, coral reef and watershed conservation, health/drug education for youth, women's economic and health rights, and meeting international security standards, including maritime security. Successful projects in these areas advance U.S. national interests and assist NGOs and governments in building domestic capacity.

These twelve countries (Federated States of Micronesia, Fiji, Kiribati, Marshall Islands, Nauru, Palau, Papua New Guinea, Samoa, Solomon Islands, Tonga, Tuvalu, and Vanuatu) are favorably disposed towards the United States. We regularly seek their support at the UN and support of U.S. international policies (e.g., Iraq coalition, Article 98 agreements, UNGA). Tongan troops have just returned from a tour in Iraq. Fiji has recently deployed troops to provide security to United Nations operations in Iraq. Papua New Guinea has offered to send troops to Iraq.

For Freely Associated States (Micronesia, Marshall Islands and Palau), the Pacific Islands Fund addresses development issues outside the general Compact program. In addition, while the Compact is a government-to-government program, the Pacific Island Fund provides development funding directly from the United States government to local NGOs or other local implementers. The Pacific Islands Fund provides our six embassies in the region with modest resources to assist local communities across the vast Pacific area in ways that demonstrate U.S. engagement in the region.

Regional Women's Issues

(\$ in thousands)

Account	FY 2004 Actual	FY 2005 Estimate	FY 2006 Request
ESF	1,988	992	1,000

Regional Women's Issues funds help advance human rights and promote democracy by improving the status of women throughout East Asia and the Pacific (EAP). Elevating the status of women is an important prerequisite for developing a populace that is healthier, educated, and functions better as a skilled labor force. This type of development contributes to building an environment that promotes democratic values and institutions and strengthens the foundation for accomplishing other high priority goals.

The EAP Regional Women's Issues fund has made numerous contributions to improving the lives of women in the Asia-Pacific region. Past programs funded leadership and management training for women leaders from the private and public sectors in Southeast Asia; training of female elected officials; legal assistance for at-risk women; and human trafficking awareness raising programs. These projects represent only a small fraction of programs supported through the fund. The fund was used to ensure the continued viability of the highly successful information exchange program "Humantrafficking.org." This website is used regularly by the public, non-governmental organizations, and governments in Asia and in the U.S. to combat trafficking.

In FY 2006, the Regional Women's Issues fund will focus on empowering tomorrow's leaders and those most at risk for exploitation. By funding programs that cultivate future leaders, e.g. "training the trainers," the Regional Women's Issues program is ensuring that valuable knowledge and assistance is passed on to the community at large. Helping women at risk for exploitation serves to prevent the victimization of women by criminals (including human traffickers). Political participation, economic independence and elimination of violence against women remain the pillars of this program; projects must address at least one of these three areas to receive funding. This program will work with Asian governments to support or expand existing projects that promote women's empowerment as empowerment is an important component in fighting poverty, corruption, and human trafficking.

South Pacific Fisheries

(\$ in thousands)

Account	FY 2004 Actual	FY 2005 Estimate	FY 2006 Request
ESF	17,894	17,856	18,000

The 1988 Pacific Multilateral Fisheries Treaty is a key component of our strong overall foreign relations with the Pacific Islands States and a model for others. It provides a solid foundation upon which the U.S. and the member states of the Pacific Islands Forum (known as the South Pacific Forum until October 1999) can cooperatively address the challenges of sustainable fisheries conservation in the Western Pacific. This treaty, through positive multilateral cooperation, achieves profitable, sustainable management of fisheries resources and ensures continued access for U.S. commercial fishing vessels to the Pacific Ocean tuna fishing areas.

Since the treaty came into force, our annual payment obligations under the treaty have ensured access to broad areas of the Pacific, including waters under the jurisdiction of the 16 states that make up the Forum Fisheries Agency (FFA). This positive fisheries relationship, as well as a common desire to conserve fisheries resources in the Pacific, has carried over into the successful conclusion of negotiations for a conservation and management regime in the Central and Western Pacific, where we continue to cooperate closely with the Pacific Island States. The result of these negotiations is to establish a mechanism to ensure that highly migratory fishery resources in that region are not depleted.

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EUROPE AND EURASIA

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Albania
(\$ in thousands)

Account	FY 2004 Actual	FY 2005 Estimate	FY 2006 Request
FMF	5,000	2,976	3,500
IMET	1,198	900	900
NADR-EXBS	600	300	515
NADR-SALW	-	300	300
Peace Corps	1,501	1,787	1,914
SEED	28,235	28,000	28,000

Albania continues to play a pivotal and productive role in regional stability, and Support for East European Democracy (SEED) assistance funds remain essential for ensuring Albania's ability to play that role. A democratic, stable and economically prosperous Albania is essential if Albania is to be an effective partner in the Global War on Terrorism, small arms and light weapons proliferation, and transnational organized crime, including narcotics and contraband smuggling and human trafficking. Therefore, the U.S. Government (USG) targets its assistance in the areas of economic reform, democratic institution building and the rule of law, as a means to promote a greater degree of prosperity for Albania while advancing U.S. interests in the region.

Sustained U.S. engagement and support for political and economic reform measures are crucial if positive trends are to continue and ultimately yield long-term results. The SEED request funds approximately 14 percent of the costs of the Organization for Security and Cooperation in Europe (OSCE) field mission to Albania. In addition, U.S. assistance is essential for guiding Albania closer to a Euro-Atlantic partnership. The U.S. coordinates assistance efforts closely with our European allies and European institutions, such as Italy, Greece, the European Union (EU), NATO, OSCE, and Council of Europe (CoE) to maximize the benefit of our assistance programs.

Consolidating democratic institutions and improving their capacities remains the highest priority for the U.S. in Albania. FY 2006 SEED funds will support specific initiatives within Albania to meet this priority. SEED funds contribute significantly to our efforts to develop civil society and human capital resources in Albania, which is still recovering from the economic collapse of 1997 and 45 years of harsh, xenophobic communism. SEED funds support initiatives such as primary health care upgrades, education improvements, and professional journalism. In addition, SEED-funded programs promote badly needed agricultural reforms, creating employment opportunities, modernizing production and increasing output in a country where nearly 70 percent of the work force is tied to the agricultural sector.

SEED funds also support judicial reform initiatives and target institutions that fight financial crimes such as tax evasion, money laundering, and terrorism financing. Continued SEED assistance is key to sustaining Albania's recent successes in fighting corruption, stopping human trafficking, and stemming the flow of weapons, narcotics and contraband into Western Europe. Support will continue for innovative law enforcement programs such as the Three Ports Strategy, the Vlora Anti-Trafficking Center and the regional Total Information Management System (TIMS).

Foreign Military Financing (FMF) is important for continuing the modernization of the 13,750-member Albanian Armed Forces (AAF). A NATO membership aspirant and staunch U.S. ally in the Global War on Terrorism, Albania contributes troops to peacekeeping efforts in NATO (formerly SFOR), Afghanistan and Iraq, and was one of only four countries in the world to send combat troops during Operation Iraqi Freedom. FY 2006 funds will be central to continued institutional and strategic reform as well as support of

deployed forces. Funds will directly support the development of niche military capabilities in line with Albania's current operational responsibilities in Iraq. Specifically, funding will be used to help modernize the Albanian military through contract services to meet NATO partnership goals, which in turn supports the Global War on Terrorism by reducing, restricting and/or eliminating transnational threats in the region. Additionally, funding will be used for English language training for the Albanian forces, specifically to upgrade English language training laboratories and procure instructor mobile training teams. FMF will also help cover the procurement cost for air surveillance and tactical radios, which support readiness of the AAF and Albania's integration into NATO.

In the process of assisting Albania to fulfill its aspiration to join NATO, the International Military Education and Training (IMET) program continues to provide both field and company-grade officers with training and professional development opportunities. IMET funds will provide English language training; professional military education for officers; tuition for attendance at U.S. military academies; and mobile training teams to assist the implementation of human resources, training and logistics systems reforms.

Albania is eligible in FY 2006 to receive grant transfers of Excess Defense Articles (EDA) under Section 516 of the Foreign Assistance Act. The transfer of EDA will further Albania's force modernization in concert with its NATO Membership Action Plan (MAP) goals.

In an effort to prevent proliferation of weapons, delivery systems, and other related technologies; the United States has a number of Nonproliferation, Anti-terrorism, Demining, and Related (NADR) Programs ongoing in Albania. Export Control and Related Border Security (EXBS) assistance funds are also directed towards establishing and maintaining a fully effective export control and enforcement system in Albania. NADR and EXBS programs support the Global War on Terrorism and the U.S. goal of stabilizing the region by reducing arms proliferation and restricting the transfer of existing weaponry.

Albania will continue to receive support from the U.S. Small Arms/Light Weapons Destruction Program. Programs to collect and destroy the enormous stocks of Man Portable Air Defense Systems (MANPADS), small arms and light weapons (under 100mm) and ammunition will continue in FY 2006 both through direct bilateral programs and U.S. supported destruction projects via the OSCE. Over 100,000 weapons have been destroyed to date through the combined assistance of the United States, Norway, and Germany. The U.S. bilateral program, utilizing NADR Small Arms/Light Weapons (SA/LW) funds, enhances the overall security environment within the region by preventing illegal arms transfers to Kosovo and Macedonia. Matching funds from NADR International Trust Fund (ITF) are channeled through the ITF to provide support for humanitarian mine action in Albania.

Armenia
(\$ in thousands)

Account	FY 2004 Actual	FY 2005 Estimate	FY 2006 Request
FMF	2,485	7,936	5,000
FSA	74,558	70,000	55,000
IMET	869	750	750
NADR-EXBS	300	300	700
Peace Corps	1,604	1,717	1,743

The United States supports the transformation of Armenia into a free-market democracy based on the rule of law with an active civil society that is integrated into the world economy, has the capability to provide for the welfare of its citizens, and is at peace with its neighbors. U.S. security, law enforcement, and nonproliferation assistance and cooperation with Armenia are needed to prevent weapons and other illicit trafficking and the spread of weapons expertise. Armenia has supported the Global War on Terrorism, Operation Enduring Freedom, and Operation Iraqi Freedom by offering overflight rights, medical assistance, and information sharing.

Achieving a durable resolution to Armenia's conflict with Azerbaijan over Nagorno-Karabakh is key to several U.S. interests. A peace settlement would eliminate a major cause of instability in the Caucasus region. It would facilitate Armenia's economic cooperation with its Caucasus neighbors and remove a major impediment to normal relations between Armenia and Turkey. Peace would also free-up Armenia to concentrate more of its political energy and economic resources on domestic reforms, and on improving the social well-being of its citizens.

In recognition of Armenia's progress in 16 criteria areas, Armenia was one of only 16 countries deemed eligible to compete for Millennium Challenge Account (MCA) funds in FY 2004 and in FY 2005. Should Armenia actually receive MCA funds, implementation would be closely coordinated with FREEDOM Support Act (FSA)-funded programs to ensure maximum development effect and poverty alleviation.

U.S. assistance to Armenia supports private-sector development, economic and energy reform, democracy and good governance, and social sector reform. FSA-funded assistance to judicial and law enforcement bodies of Armenia is helping to ensure that Armenia plays a more effective role in combating narcotics smuggling, organized crime, and trafficking in persons, and works to support our efforts to combat terrorism.

Continuing in FY 2006, FSA-funded humanitarian programs will provide critical medical and emergency help to impoverished persons in underserved and remote areas of Armenia. U.S. private voluntary organizations working with the U.S. Government in partnership with the Government of Armenia and local non-governmental organizations (NGOs) administer basic medical services and provide essential medicines, clothing and food to children, the elderly and other vulnerable populations. This assistance is integral to alleviating poverty and preventing widespread health problems and suffering in populations beyond the reach of limited local government social welfare programs. Other programs support Armenian efforts to provide health care for disadvantaged citizens and to improve health management education.

Armenia is continuing efforts to improve its business climate, increase investment, create jobs, and broaden its economic base. FSA-funded programs will continue to focus on developing and marketing Armenian agricultural products and helping Armenia meet its World Trade Organization commitments. At the macro-level, U.S. Treasury Department advisors will provide expertise in improving revenue collection and

reducing budgetary deficits, insuring that the government will be able to maintain good relations with international financial institutions. Technical advice also will help the Armenian Government improve its audit practices, thereby helping to fight corruption. Training programs, scholarships and other programs will help Armenia develop other sectors of its economy, seek investment, and create jobs, with an emphasis on developing micro, small and medium-sized enterprises (SMEs).

Democratic institutions and practices are developing in Armenia, but this is threatened by poor economic conditions, regional instability, and corruption. FSA-funded democracy assistance programs are working with government agencies and NGOs to improve the technical capacity of legislative staff and to increase public participation in government. Programs also help legislators draft and implement budget programs, train judges, lawyers and prosecutors, promote effective political parties, and increase government transparency. Support for NGOs and the independent media helps those organizations effectively articulate and advocate public interests. To help counter Armenia's isolation, U.S. programs provide educational and informational links with the West.

With substantial U.S. assistance, the Government of Armenia has successfully implemented the majority of recommendations of international experts to improve the safety of the Metamor nuclear power plant. FSA-funded programs will continue to improve the near-term operational and physical safety of the plant. Finding alternative sources of energy and further improving the efficiency of Armenia's domestic energy system will be key to the ultimate closure of Metamor.

FY 2006 International Military Education and Training (IMET) funding will provide opportunities for the Armenian military to attend U.S. military professional education, and to facilitate Armenia's defense reform efforts through education in civil-military relations, defense resource management, and English language training. FY 2006 Foreign Military Financing (FMF) funding will enhance security cooperation by bolstering Armenia's communications capability, improving Armenia's ability to participate in regional peacekeeping operations, and improving interoperability with U.S., NATO and international forces.

Armenia will be eligible to receive grant Excess Defense Articles (EDA) in FY 2006. Provision of EDA grants will enhance Armenia's ability to participate in NATO and coalition operations, as well as international peacekeeping missions. Assistance provided under these programs will not be usable for offensive purposes against Azerbaijan, will not affect the military balance between Armenia and Azerbaijan, and will not undermine or hamper ongoing efforts to negotiate a peaceful settlement between Armenia and Azerbaijan.

The Armenian Government has demonstrated a willingness to cooperate with the United States in preventing the proliferation of weapons of mass destruction (WMD) and related technologies and other illicit weapons trafficking, and fighting transnational crime. It has also taken several steps to strengthen its export controls and border control systems. U.S. Export Control and Related Border Security (EXBS) Assistance programs funded under the FSA account are providing equipment and training assistance to customs, border guard, and other law enforcement and border security authorities to improve their export and border control capabilities to deter, detect, interdict, investigate and prevent weapons proliferation.

FSA-funded law enforcement programs provide training, technical assistance, and equipment to increase Armenia's capacity to fight international crime, corruption, and narcotics trafficking and to improve human rights practices. FY 2006 funding will continue to assist Armenia in creating the procedures necessary to investigate and prosecute criminal cases, including trafficking in persons; to improve law enforcement communications infrastructure which will improve communication and cooperation between Armenian and U.S. law enforcement agencies; to develop effective and sustainable police academy training; to improve forensics capabilities; and to assist in the professional development of prosecutors, investigators and

defense advocates. Funding will also support implementation of the Armenian Government's newly adopted anti-corruption action plan.

The U.S. Science Centers and Bio/Chem Redirect programs funded through the NADR Nonproliferation of WMD Expertise account promote the participation of former Soviet weapons scientists in peaceful research projects. The International Science and Technology Center (ISTC) and Biotechnology Engagement Program (BTEP) cooperate in the design and delivery of this NADR assistance. The U.S. Civilian Research and Development Foundation (CRDF) uses FSA funds to support scientists in Armenia, including but not exclusively from the former Soviet WMD complex.

Azerbaijan
(\$ in thousands)

Account	FY 2004 Actual	FY 2005 Estimate	FY 2006 Request
FMF	2,485	7,936	5,000
FSA	38,782	37,355	35,000
IMET	1,084	750	750
NADR-EXBS	600	1,545	1,650
NADR-HD	2,468	3,500	4,000
P.L. 480 Title II	2,883	-	-
Peace Corps	1,326	1,527	1,729

U.S. national interests in Azerbaijan center on strong bilateral security and counterterrorism cooperation, the advancement of U.S. energy security, progress in free-market and democratic reforms, and mediation of the Nagorno-Karabakh conflict. Azerbaijan's shared border with Iran, strategic position as a littoral Caspian Sea state, and its unresolved conflict with Armenia over Nagorno-Karabakh cause its internal stability to have a direct bearing on regional stability. The involvement of U.S. firms in the development and export of Azerbaijani oil is key to our objectives of diversifying world oil supplies, providing a solid base for the regional economy, and promoting U.S. energy security and U.S. exports. Azerbaijan has supported the Global War on Terrorism, Operation Iraqi Freedom, and Operation Enduring Freedom by offering crucial law enforcement and intelligence cooperation, blanket overflight rights, and the possible use of bases. Azerbaijan has deployed peacekeepers to Afghanistan and to Iraq, in addition to an earlier peacekeeping deployment to Kosovo.

Following the President's January 2002 waiver of section 907 of the FREEDOM Support Act (FSA), which prohibits certain types of assistance to the Government of Azerbaijan, assistance programs previously prohibited were initiated in the areas of budget reform, customs reform, law enforcement, and legal reform. This waiver was renewed in December 2003 and January 2005.

U.S. assistance enhances Azerbaijan's ability to prevent, deter, detect, and investigate the proliferation of weapons of mass destruction (WMD), weapons technology, expertise and conventional arms, and encourages efforts to halt trans-shipment of narcotics across its borders. Meanwhile, the U.S. has continued to provide humanitarian assistance in the form of food, medicine and medical supplies, seeking to ease the plight of the disadvantaged and displaced. Democracy programs have sought to strengthen civil society. In FY 2006, the United States will focus assistance on economic development – particularly with regard to expenditure of Azerbaijan's anticipated oil wealth, health care reform, judicial and law enforcement reforms, and export control and border security strengthening.

As a vital link in the Trans-Caspian energy corridor, Azerbaijan must develop a market-oriented, transparent and corruption-free economic, legal, and regulatory system. While there has been some economic growth, primarily in the energy sector, other areas of the economy are underdeveloped and unemployment remains high. Spillover effects from the energy sector to other sectors of the economy have not yet occurred. The agricultural sector is mired in low productivity, and privatized farms are small and lack reliable access to inputs, water, equipment and finance. Complex regulations, corruption, and underdeveloped financial systems have hampered private business development. In FY 2006, FSA-funded assistance will focus on accelerating economic growth, developing small and medium-sized agricultural enterprises, and reforming the domestic energy sector. Training opportunities will focus increasingly on economics and business development. The U.S. Government will also continue to work with Azerbaijan on

oil development and to support American companies through U.S. Overseas Private Investment Corporation (OPIC), U.S. Export-Import Bank, and U.S. Trade and Development Agency (USTDA) activities.

Although Azerbaijan has made some progress in creating a democratic system of government, significant problems remain in the areas of media freedom, human rights, and political pluralism, including free and fair elections, as evidenced by the flawed October 2003 presidential election and the 2004 municipal election. In FY 2006, the United States will continue to promote the development of Azerbaijan's democratic institutions and civil society, with a strong emphasis on combatting corruption and strengthening the rule of law. Programs to assist non-governmental organizations, political parties, and the media will continue to help them more effectively to advocate public interests and serve as a check on governmental authority.

U.S. assistance to Azerbaijan improves the country's capabilities to combat domestic and transnational criminal activities, including drug trafficking. FY 2006-funded law enforcement assistance programs will provide counter-narcotics training, help develop a specialized law enforcement training curriculum, support efforts to detect, prevent and prosecute cases involving trafficking in persons, support the expanded use of forensics investigative techniques, assist in the development of anti-terrorism and money laundering legislation, support implementation of the new criminal code, and support anti-corruption initiatives.

FY 2006 security assistance will provide continued support for projects initiated in previous years. The U.S. will continue to provide equipment, services and training through the Foreign Military Financing (FMF) and International Military Education Training (IMET) programs. FMF will provide assistance for monitoring the Caspian Sea, upgrading airspace management, and sustaining Azerbaijani troop deployments in Operation Enduring Freedom and Operation Iraqi Freedom. Funding will focus on acquisition of search-and-rescue and electronic reconnaissance equipment; on naval communications infrastructure improvements and training; on equipment for a peacekeeping unit, including uniforms, tactical radios, field equipment, night vision devices, and global positioning system units; and on airbase infrastructure upgrades to accommodate NATO aircraft, and a contingency and modeling simulation center. FMF and IMET will continue to promote interoperability with U.S. and NATO forces. Assistance provided under these programs will not be usable for offensive purposes against Armenia, will not affect the military balance between Armenia and Azerbaijan, and will not undermine or hamper ongoing efforts to negotiate a peaceful settlement between Armenia and Azerbaijan.

The U.S. and Azerbaijan have a mutual interest in addressing the serious dangers posed by potential trafficking in WMD, associated delivery systems, materials, technologies, conventional arms and weapons expertise in and around Azerbaijan. At the end of 2003, Azerbaijan and the U.S. signed an implementation agreement to upgrade Azerbaijan's maritime interdiction capabilities regarding WMD and associated dual-use items under the U.S. Defense Department's Cooperative Threat Reduction (CTR) Program. CTR is also planning a new effort to work with Azerbaijan to increase their biosafety and biosecurity posture. The Government of Azerbaijan has demonstrated its commitment to nonproliferation by intercepting shipments of concern, and the U.S. will continue its program of assistance under the Export Control and Related Border Security Assistance (EXBS) program funded through the FSA account and the Nonproliferation, Anti-terrorism, Demining, and Related Programs (NADR) account in FY 2006. In an effort to prevent weapons proliferation and complement counter-terrorism assistance, EXBS provides equipment to support the technical capacity of Azerbaijan's Customs Service, Border Guards and Maritime Brigade, including enforcement training, inspection and detection equipment, and communications. EXBS is also supporting upgrades to and training on a U.S. Coast Guard cutter donated under the Excess Defense Articles (EDA) program. Azerbaijan will be eligible to receive grant EDA in FY 2006. Provision of EDA grants will enhance interoperability and Azerbaijan's ability to participate in NATO and Coalition operations, as well as international peacekeeping missions.

Azerbaijan acceded to the Intergovernmental Science and Technology Center in Ukraine (STCU) in 2003. Late in FY 2004, Azerbaijan hosted a Governing Board meeting of the STCU. The U.S. provided Azerbaijani scientists the first STCU research grant for the country, drawing on NADR Nonproliferation of WMD Expertise funding devoted to the redirection of former Soviet WMD researchers. The Administration continues to gather data, including through visits to Azerbaijani institutes, on the size and capabilities of the country's WMD-scientist community. FY 2006 NADR-funded activities will include training in proposal-writing and travel grants for regional and international networking, to assist these scientists in their transition to non-military employment.

Landmines pose a significant danger in Azerbaijan to people, productivity, and socio-economic development. NADR Humanitarian Demining funds will be used to support mine clearance and mine awareness efforts that will save lives and create conditions for the return of displaced persons and refugees, thereby also promoting increased economic growth and productivity. Other humanitarian assistance to internally displaced persons and refugees will continue as needed, with an ongoing emphasis on sustainable development and community-based projects.

Belarus
(\$ in thousands)

Account	FY 2004 Actual	FY 2005 Estimate	FY 2006 Request
FSA	8,055	6,500	7,000
NADR-EXBS	-	-	250
NADR-SALW	-	300	300

Promoting democracy, human rights, and economic reform will help foster the independence, security and prosperity of Belarus. This will, in turn, contribute to regional stability, security and prosperity. Currently, Belarus's authoritarian regime, inchoate and besieged democratic institutions, retrograde economic policies, and close relations with rogue states threaten regional development and security key U.S. foreign policy goals. These policies also isolate Belarus from its neighbors, four of which entered the European Union (EU) in 2004 and one of which (Ukraine) made a large step towards democracy with a generally free and fair election of reform-minded Viktor Yushchenko as president. These neighboring countries see Belarus' backwardness as an anachronism that jeopardizes their own future security and prosperity. As a result, the United States, in order to implement the Belarus Democracy Act, has focused assistance efforts on democracy, human rights, the fight against trafficking in persons, and HIV/AIDS. Although the Government of Belarus claims to be willing to provide assistance in the Global War on Terrorism, in fact, credible allegations of the transfer of arms and dual-use equipment to countries of concern underscore the importance of achieving a more open, transparent form of governance in Belarus.

U.S. assistance to Belarus seeks to help promote a pluralistic and democratic political culture by empowering a large number of pro-democracy and human rights civil groups, and, to the extent that they still exist as independent entities, educational institutions, political parties, media outlets and associations of small and medium-sized enterprise owners. A diversified approach to increasing Belarusians' participation in civic activism is required, whereby the United States will not only provide assistance targeted at democratic reform but also social-sector assistance targeted at combatting the spread of HIV/AIDS and preventing trafficking in persons.

FY 2006 FREEDOM Support Act (FSA) funding will continue to support non-governmental organizations (NGOs) that advocate human rights and promote democratic reform. This support will include small grants and training in such areas as advocacy, networking and coalition building. FY 2006 FSA funding will also continue to support Belarus' besieged independent media, including material and technical support to journalists and editors who are struggling to keep their publications open in the face of continued harassment by the regime and competition from government-subsidized state media. With presidential elections scheduled for 2006, FSA-funded activities will seek to foster a more open and balanced political debate, including non-partisan activities designed to help strengthen and unify democratically oriented parties. There will continue to be an emphasis on empowering local communities to develop the capacity to solve their own problems.

In addition, we will work with NGOs and Belarusian local authorities to develop strategies to address the threats posed to Belarusian society and regional stability by trafficking in persons and the HIV/AIDS pandemic. NGOs receiving U.S. support also work to address public health concerns, including tuberculosis, hepatitis, and women's wellness and infant care.

Opportunities to encourage economic reform through FSA-funded assistance programs are severely circumscribed in Belarus. Since the election of the current president in 1994, economic liberalization and structural reform measures have been frozen, or in some cases reversed. The country has largely retained a centrally planned economy, with most large-scale enterprises still in government hands and barter trade

dominating inter-enterprise transactions. Indeed, the Russian Federation has linked further economic integration with Belarus to specific reforms, which the regime has yet to adopt. Modest FSA-funded economic assistance programs have concentrated on supporting SMEs by developing business associations for lobbying and advocacy, as well as a modest economic policy education initiative hosted by a Belarusian think tank. Any further programs in FY 2006 will continue to focus on these areas.

In February 1997, the President determined that he could not certify Belarus to be eligible for assistance under the U.S. Defense Department's Cooperative Threat Reduction (CTR) Program due to the country's poor human rights record. Developments since that time have not warranted reconsideration of this decision. Belarus nevertheless remains a member of the International Science and Technology Center (ISTC), a multilateral organization that funds grants to former Soviet weapons-of-mass-destruction (WMD) scientists to assist them to transition to non-weapons-related work. The U.S. generally does not fund grants to Belarusian scientists, the only exception being unique opportunities to promote U.S. security interests or address compelling humanitarian needs. Currently, the only U.S. contributions to the ISTC that are benefitting Belarus are supporting a National Cancer Institute study of the health of Belarusians exposed to radiation from the Chernobyl accident and a Nonproliferation and Disarmament Fund (NDF) project to design better controls over nuclear materials. The Departments of State and Energy plan to fund projects addressing blood-sugar monitoring systems for diabetics and less dangerous fuel for nuclear power, respectively. We are also working carefully with the ISTC to ensure that the security upgrades previously provided by the Department of Energy to Belarusian nuclear facilities remain effective in securing the fissile material therein.

Bosnia and Herzegovina

(\$ in thousands)

Account	FY 2004 Actual	FY 2005 Estimate	FY 2006 Request
FMF	18,400	2,480	10,000
IMET	991	900	900
NADR-EXBS	600	500	675
NADR-SALW	-	400	400
SEED	44,735	41,000	40,000

Bosnia and Herzegovina (BiH) has made significant progress since the signing of the Dayton Peace Accords nine years ago, but it remains a fragile state in a potentially volatile region. State-level defense, intelligence, financial, law enforcement and judicial bodies have been established, but continue to experience growing pains. BiH's transition from a command economy to a market-based economy continues, although it remains heavily dependent on foreign aid. With its porous borders, complex and overlapping layers of government, persistent corruption and still weak state-level institutions, BiH is an attractive destination and transit point for terrorists and traffickers. It is in U.S. interest to help BiH strengthen its institutions, reduce dependency on foreign assistance, and complete the transition to a modern European state tied to Euro-Atlantic institutions that contributes to regional stability.

In FY 2006, Support for East European Democracy (SEED) programs in BiH will continue to support democratic, economic and social sector reforms and strengthen local capacity to maintain internal security and uphold the rule of law. SEED-funded democracy programs will assist in improving the sustainability and effectiveness of non-governmental organizations (NGOs), the management capacities of municipalities, development of a professional and responsible independent media, and development of moderate political parties and state and entity parliaments. Economic and social sector programs will offer technical advice to restructure the banking and financial sector, including establishing a securities market, automating commercial courts and providing training in commercial laws, supporting tax and customs administration reforms and reforms of BiH's power sector. Grants and loans will also assist in developing small and medium-sized enterprises and providing opportunities for minority returnees. Rule-of-law programs will provide technical assistance, training and equipment to build the capacities of the full range of security services, including police forces in both entities, the anti-trafficking in persons (TIP) strike force, the State Border Service, the State Information and Protection Agency, as well as the War Crimes Court and the High Judicial Prosecutorial Council, with the aim of strengthening anti-trafficking, counter-terrorism and judicial institutions. These programs will build on the progress made as a result of prior years' assistance. The SEED regional budget will fund the U.S. share of the Organization for Security and Cooperation in Europe (OSCE) and the Office of the High Representative (OHR) missions in BiH, with the goals of containing and reducing instability and assisting with post-conflict rehabilitation.

Foreign Military Financing (FMF) funds contribute to United States foreign policy objectives by promoting peace and stability in Bosnia. FMF funding in FY 2006 will contribute to BiH's comprehensive defense reform effort. BiH enacted defense reform legislation in December 2003 that places both entity armies – the Army of the Republika Srpska (VRS) and the Federation Army (VF) – under state-level command and control. Successful implementation of the defense reforms will meet NATO's technical requirements for participation in the Partnership for Peace and help create the conditions necessary to further drawdown of the extraordinary international military and civilian presence in BiH. Under the new legislation, all forces fall under the operational command of the BiH Tri-Presidency via a new Ministry of Defense, Joint Staff, and Operational Command. In addition to creating these new state-level institutions, the reforms require downsizing the entity militaries, limiting conscription, destroying excess weapons, and divesting surplus

properties. FMF in FY 2006; will continue these efforts by providing advisory and technical support to the Peace Support Operation and Training Center, spare parts to maintain and equip a rapid-response brigade, training and equipment for a multi-functional support battalion, and parts for UH-1 helicopters.

In FY 2006, the International Military Education and Training (IMET) program in Bosnia will train officers and non-commissioned officers (NCOs) working in the state defense institutions. IMET activities will include career development training for junior officers and leadership training for mid-to-upper-level defense officials. IMET funds will also be made available to train properly vetted members of the VRS to support their participation in the state defense institutions in a manner consistent with U.S. law and policy. IMET funding from previous years was used to strengthen state-level defense institutions by training officers who agreed to serve in a state-level capacity, such as the Standing Committee on Military Matters or as a Defense Attaché in a BiH Embassy.

Bosnia is eligible to receive Excess Defense Articles (EDA) on a grant basis under section 516 of the Foreign Assistance Act (FAA). Provision of grant EDA will assist Bosnia in meeting its defense requirements, enacting defense reforms, and furthering interoperability.

In FY 2006, the United States will continue its Nonproliferation, Anti-Terrorism, Demining, and Related Programs (NADR) Export Control and Related Border Security Assistance (EXBS) program to assist BiH in establishing an effective export control and enforcement system as part of the U.S. effort to prevent the proliferation of weapons of mass destruction, their delivery systems, related technologies, and other weapons. In BiH, NADR-EXBS funds will purchase detection equipment for border-control training, support implementation of new dual-use export control regulations, and fund seminars for industry representatives on export license requirements, including for dual-use items and technology.

FY 2006 NADR Small Arms and Light Weapons (SA/LW) Destruction funds will be used to support the destruction of SA/LW designated as excess to BiH's defense needs by BiH's Defense Reform Commission. Destruction activities will prevent the diversion and illicit trafficking of these weapons that BiH does not have the resources to properly secure. FY 2006 NADR International Trust Fund (ITF) funds will be channeled through the USG-ITF matching program to support humanitarian mine action in BiH.

Bulgaria
(\$ in thousands)

Account	FY 2004 Actual	FY 2005 Estimate	FY 2006 Request
FMF	8,450	6,944	19,000
IMET	1,463	1,395	1,400
NADR-EXBS	1,500	500	-
NADR-SALW	500	244	400
Peace Corps	3,214	3,387	3,496
SEED	27,835	27,000	28,000

Bulgaria's transition to a market oriented economy and its progress on democratic reforms continues to benefit from sustained U.S. assistance. Through its participation in international and regional security bodies, Bulgaria has played an increasingly larger role in building international and regional stability over the past several years. Bulgaria was a key partner in the NATO action in Kosovo in 1999 and has provided military forces to stabilizing operations in Bosnia, Afghanistan, and Iraq. Bulgaria joined NATO in 2004 and continues its efforts to modernize and professionalize its armed forces for seamless participation in NATO military activities. In 2004, Bulgaria was Chairman-in-Office of the Organization for Security and Cooperation in Europe (OSCE). Bulgaria has closed all 30 chapters of its European Union (EU) Acquis and plans to sign its EU accession treaty in April 2005 and to join the EU on January 1, 2007. U.S. assistance supports democratic processes and economic reform. U.S. assistance is targeted at rule of law and judicial reform, anti-corruption, strengthening small and medium-sized enterprises, financial sector integrity, and municipal governance and fiscal decentralization.

The Bulgarian Government's approval ratings have increased in recent opinion polls, despite persistently high levels of unemployment and poverty, as well as faltering health care and pension systems. General elections are scheduled to take place in early summer 2005. Despite the progress made on broad political and economic issues, much of the general citizenry, especially those living outside the major cities, have yet to feel the effect of increased job creation and a higher standard of living.

SEED assistance in FY 2006 will focus not only on judicial reforms but also on enhancing border controls and largely improving civil security, which will in turn improve regional security. FY 2006 is the last year of new SEED funding for Bulgaria, and the remaining funds will be targeted accordingly. Previous U.S. rule-of-law and anti-corruption programs have facilitated the country's progress towards transparency and accountability, significantly contributing to the building of democratic institutions. Assistance in economic reform has resulted in a thriving banking sector, while also improving the commercial regulatory framework and assisting companies with export earnings potential, which include agriculture, light manufacturing, information technology and tourism. We will continue to focus on programs that strengthen municipal government, thus bringing the democratization process to the local level.

As part of its efforts to prevent the proliferation of weapons of mass destruction, their delivery systems, related technologies, and other weapons, the United States is providing Nonproliferation, Anti-Terrorism, Demining, and Related Program (NADR) Export Control and Related Border Security (EXBS) assistance funds for a cooperative program to help Bulgaria establish fully effective export controls over sensitive items. EXBS funds provide advanced licensing training as well as training on basic detection, targeting, and profile techniques for export control enforcement officers at the borders. FY 2006 NADR funding will be focused on improving industry outreach capabilities through the regional nonproliferation advisors. Through the NADR Small Arms and Light Weapons (SA/LW) Destruction Program, we will continue to

support the destruction of surplus and obsolete SA/LW and associated ammunition remaining in Bulgaria as a legacy of the Cold War.

Foreign Military Financing (FMF) is a vital element in the modernization and professionalization of Bulgaria's armed forces. This modernization is crucial in light of Bulgaria's new status as a member of NATO and its need to be able to operate in a joint NATO environment. The majority of funds will be dedicated to upgrading command, control, communications, computers and intelligence (C4I) systems in order to link Bulgaria's air defense system to NATO's Integrated Air Defense System (NIADS). This upgrade will allow Bulgaria to operate as a full partner within NATO, including participation in peacekeeping and crisis operations. Through contractor-provided consulting services, FMF will also improve coordination between the General Staff and the Ministry of Defense and continue defense modernization efforts. Purchasing equipment to develop niche capabilities in such areas as construction engineering, chemical defense, military police, and field medicine will ensure that Bulgaria is meeting NATO standards, is able to deploy in all conditions, and can maintain minimum interoperability standards. FMF will also fund much-needed simulation equipment, dramatically increasing levels of training and raising overall levels of operational readiness. Bulgaria will be eligible in FY 2006 to receive grant Excess Defense Articles (EDA) under section 516 of the Foreign Assistance Act.

International Military Educational and Training (IMET) continues to provide crucial support to the Bulgarian Armed Forces. IMET funding includes training for officers and non-commissioned officers (NCOs) in military professionalism, civilian/military relations, and national security affairs. IMET training is focused on improving Bulgaria's peacekeeping capabilities, gaining familiarity with U.S. methods of combating terrorism, raising English language proficiency within the military, streamlining C4I, and strengthening management skills.

Croatia
(\$ in thousands)

Account	FY 2004 Actual	FY 2005 Estimate	FY 2006 Request
IMET	-	50	50
NADR-EXBS	850	690	910
SEED	24,853	20,000	15,000

The U.S. policy goal of regional stability in the Balkans depends to a considerable extent on Croatia's successful transition to a stable democracy with a market economy and on resolution of wartime legacies. Supporting Croatia's entry into Euro-Atlantic institutions, such as the European Union, also serves other important American interests, such as fighting terrorism, crime, trafficking in persons, and other transnational threats, as well as creating a secure and attractive climate for U.S. business.

With U.S. assistance, the Croatian Government has made significant democratic and economic reforms since 2000. Continued assistance is crucial to support Croatia's ongoing transition and resolution of war legacy issues, including the plight of over 200,000 ethnic Serb refugees.

From the late 1990s until 2000, Support for East European Democracy (SEED)-funded programs in Croatia focused on democracy-building activities, such as technical assistance to local governments, political parties, labor unions, media and non-governmental organizations (NGOs). In 2000, the election of a reform-oriented government opened the door to further U.S. support for economic restructuring and revitalization, particularly in war-affected areas, which had been suspended under the Tudjman regime. Our investment in Croatia's future has brought about meaningful progress toward macroeconomic stability. SEED assistance will continue to promote a competitive private sector by strengthening small business and employment in the agriculture and agribusiness sectors.

SEED-funded programs will help Croatia strengthen democratic institutions and rule of law, and complete implementation of the Dayton Accords, including full cooperation with the International Criminal Tribunal for the Former Yugoslavia (ICTY) and a judicial structure that encourages and protects foreign investment. U.S. assistance builds more effective citizen participation, improves law enforcement and local governance, and supports the development of a vibrant NGO community. SEED-funded initiatives will continue to support training of leaders at the local level who are reform-minded and responsive to community needs. SEED funds help to restore basic utilities and community services in war-affected areas, and create incentives for refugees to return to their homes. In FY 2006, economic revitalization activities will continue to build on past successes in partner municipalities. SEED funds cover the approximately 14 percent of the U.S. share of the costs of the Organization for Security and Cooperation in Europe (OSCE) Field Mission to Croatia.

Other donors, including the international financial institutions and the European Union, continue to consider the U.S. assistance program in Croatia to be vital in preparing the ground for, launching and complementing their own programs.

In FY 2006, Croatia will again be eligible to receive grant Excess Defense Articles (EDA) under section 516 of the Foreign Assistance Act. The transfer of EDA will help Croatia meet defense requirements and enhance its ability to participate alongside Partnership for Peace(PfP)/NATO forces in crisis-response operations and other activities.

Pursuant to the American Servicemembers' Protection Act (ASPA), because Croatia has not signed an agreement under Article 98 of the Rome Statute, it has been prohibited since July 2003 from receiving U.S.

military assistance, including Foreign Military Financing (FMF), International Military Education and Training (IMET), and Excess Defense Articles (EDA). Prior to 2004, FMF had supported Croatia's force modernization and interoperability with PfP and NATO forces, the upgrade of Croatia's communications capabilities, creation of an Air Sovereignty Operations Center, and creation of an integrated command and control structure capable of interacting with the integrated NATO air defense structure. Prior to FY 2004, IMET programs exposed Croatian armed forces to Western military doctrine and provided them with the training and related English language instruction necessary to function effectively in a modern, professional military force.

As part of our efforts to prevent the proliferation of weapons of mass destruction (WMD), their delivery systems, and other weapons, the United States will continue to provide Croatia with Nonproliferation, Anti-Terrorism, Demining, and Related Programs (NADR)-funded assistance in FY 2006. NADR Export Control and Related Border Security Assistance (EXBS) activities will help the Government of Croatia to establish an effective export control system. FY 2006 NADR-EXBS funding will also provide for training in licensing and in determining whether an item or technology is controlled. NADR-EXBS funds will also provide for advanced enforcement training at the Radiation Academy in Washington State.

Cyprus
(\$ in thousands)

Account	FY 2004 Actual	FY 2005 Estimate	FY 2006 Request
ESF	38,420	13,392	20,000
NADR-EXBS	400	400	200

The United States has a longstanding interest in facilitating a comprehensive settlement on Cyprus. Since Cyprus issues involve Greece and Turkey -- our NATO allies -- these issues affect regional stability for the entire Eastern Mediterranean region.

Cyprus has been divided since the Turkish military intervention of 1974, following a coup d'etat directed from Greece. Since 1974, the southern part of the island has been under the control of the Government of the Republic of Cyprus. The Republic of Cyprus joined the European Union in spring 2004. The northern part of Cyprus is ruled by a Turkish Cypriot administration. In 1983 that administration proclaimed itself the "Turkish Republic of Northern Cyprus" (TRNC). The TRNC is not recognized by the United States or any other country except Turkey. The two parts are separated by a buffer zone patrolled by the United Nations Peacekeeping Force in Cyprus (UNFICYP).

U.S. assistance seeks to reduce tensions and promote a climate that will foster reconciliation and a durable peace settlement for Greek Cypriots and Turkish Cypriots. The U.S. Congress's objectives for Cyprus, as reflected in annual appropriations language, include reunification of the island, reduction of tensions, and promotion of peace and cooperation between the two communities on Cyprus. U.S. assistance supports Congressional objectives by focusing on increasing and strengthening cooperation and mutual tolerance between the two communities, supporting initiatives that encourage a comprehensive settlement.

In FY 2006, Economic Support Fund (ESF) resources will support the peace process and eventual reunification of the island by increasing bicomunal efforts to build support for solution after the failure of the United Nations (UN) settlement plan in referenda in April 2004. The funding will continue to support activities to strengthen the Turkish Cypriot economy and economic integration of the island.

ESF-funded programs include initiatives to reduce economic disparities between the two communities so that the Turkish Cypriot community can shoulder its share of the economic costs of settlement. ESF-funded programs include support for economic development, civil society empowerment, good governance, education, and social and cultural exchange, especially among youth. ESF assistance supporting reconciliation includes technical assistance for sector-specific activities and implementing partners, related training and workshops, sub-grants to non-governmental organizations and commodities including materials, equipment and supplies.

In FY 2006, \$1,600,000 is planned to be apportioned directly to the State Department for the Bicomunal Support Program, managed by the U.S. Embassy in Nicosia for politically sensitive, shorter-term, priority/opportunity programs to support reconciliation. A total of \$4,000,000 is planned for transfer to the State Department for scholarships and short-term training implemented by the Cyprus Fulbright Commission to support reconciliation.

If a political settlement is reached, U.S. assistance will support the terms of the approved peace agreement in strategic areas, facilitate the transition, and be directed to the success and viability of the UN-brokered agreement between the two communities.

Under the Nonproliferation, Antiterrorism, Demining and Related Programs (NADR) account, the Export Control and Related Border Security (EXBS) Assistance Program is helping to establish fully effective transshipment controls in Cyprus. FY 2005 EXBS funding provided first-responder equipment and training to help Cyprus respond to a weapons-of-mass-destruction(WMD)-related event, as well as a product identification tool and associated training to assist in the identification of dual-use goods. EXBS funding also helped provide basic training to individuals working in customs and law enforcement fields in the Turkish Cypriot community. Cyprus has made real progress in the area of export control enforcement, having established a dedicated Cypriot Customs team to inspect transshipment container cargo.

Czech Republic

(\$ in thousands)

Account	FY 2004 Actual	FY 2005 Estimate	FY 2006 Request
FMF	7,869	5,952	6,000
IMET	2,276	1,900	1,900

Assistance from the United States has contributed to the Czech Republic's development into a democratic, free-market-oriented NATO ally. The Czech Government, including the small but effective Czech Army, has proven to be a stalwart partner in the Global War on Terrorism, and in peacekeeping missions in Europe, Africa and Central Asia. At the beginning of 2005, the Czechs had a military police unit in Iraq training Iraqi policemen, and a team of doctors and nurses at the British field hospital in Basra. There was also a small unit at the airport in Kabul handling weather reports and air traffic control. Over 400 Czech troops serve in Kosovo, and over 60 in Bosnia as part of the European Union's Operation Althea. They have 10 peacekeepers on United Nations missions in Africa and Georgia. Providing specialized support has become a priority for the Czech Republic, as shown by these contributions.

The primary U.S. interest continues to be helping the Czech Republic improve its ability to contribute fully to NATO missions and other operations related to the Global War on Terrorism. FY 2006 funds will focus on training and equipping the Czech Republic's deployable forces, including Special Forces, Military Police, and nuclear, biological and chemical (NBC) defense personnel; building a secure, NATO-compatible command and control system; improving survivability of forces and effective combat engagement; and supporting reform within the Czech Armed Forces.

Helping the Czech Republic continue to make progress in the area of military modernization will maximize Czech contributions to NATO's role in European security. Robust Foreign Military Financing (FMF) and International Military Education and Training (IMET) programs are essential in helping the Czech Republic realize NATO force goals. FMF is particularly important, as it focuses on increasing the Czech Republic's support capability to deploy or receive forces. Restructuring of the Czech military will need to be consolidated through training and further organizational reform. U.S. assistance, in the form of FMF and IMET funds, will complement the Czech Republic's national resources, greatly increase U.S. influence in Czech defense policy and procurement decisions/process, and will help the Czech Government stay on track in its reforms.

FY 2006 funds will focus on promoting three objectives:

- Continuing to develop and equip deployable forces, to include specialized capabilities in the area of NBC defensive, special operations, medical support and military police capabilities. This support will include biological detection equipment, special forces equipment and NBC defense training.
- Supporting continued defense reform by providing consultants to assist with reform, specifically in the areas of training management, doctrine development, organizational transformation, and personnel systems.
- Modernizing and integrating military forces to support NATO by developing planning systems, upgrading command and control equipment, and providing simulation tools.

In FY 2006, the Czech Republic will be eligible to receive grants of Excess Defense Articles (EDA) under section 516 of the Foreign Assistance Act. The transfer of EDA will assist the Czech Republic in meeting its defense requirements and furthering interoperability.

- As part of its efforts to prevent the proliferation of weapons of mass destruction, their delivery systems, related technologies, and other weapons, the United States has provided substantial Nonproliferation, Antiterrorism, Demining and Related Activities (NADR)-funded Export Control and Related Border Security Assistance (EXBS) in the form of a cooperative program to strengthen the Czech Republic's export control system. Since the Czech Republic has made significant progress in establishing an effective export control system, no NADR-EXBS funding is being requested specifically for the Czech Republic in FY 2006; however, regional NADR-EXBS funds will continue to fund Czech participation in regional export control events, and an EXBS Advisor stationed regionally will continue to work with Czech officials on an ad hoc basis.

Estonia
(\$ in thousands)

Account	FY 2004 Actual	FY 2005 Estimate	FY 2006 Request
FMF	5,979	4,960	5,000
IMET	1,408	1,200	1,200
NADR-EXBS	995	1,000	100

Estonia and the other two Baltic states of Latvia and Lithuania are important to Northern Europe's long-term stability. In light of Estonia's accession into NATO and the European Union in 2004, the country's prospects for the future appear promising. The United States has maintained a significant assistance relationship with Estonia ever since it regained its full independence from the Soviet Union. Now that Support for East European Democracy Act (SEED) assistance to Estonia has phased out, U.S. assistance is focused on the military and security fields.

Estonia has shown itself to be a reliable partner for the United States in the Global War on Terrorism and on other vital foreign policy issues. Estonia has contributed forces to operations in Iraq and Afghanistan. U.S. goals for Estonia remain the promotion of good-neighborly relations between Estonia and nearby countries, including Russia, and strengthened cooperation among the Nordic and Baltic countries. Estonia is interested in sharing its experience in political and economic reform with the Eurasian countries, an effort that the United States fully supports.

Since regaining its independence, Estonia has faced the difficult task of building its military from the ground up; U.S. assistance has played a key role in that process. As Estonia allocates its resources on a priority basis for its defense needs, as well as for its contribution to overall European security and stability, International Military Education and Training (IMET) funds will be used to provide professional military education for personnel, uniformed and civilian, serving in key positions in the National Armed Forces and Ministry of Defense. IMET will continue to expose Estonian officers and non-commissioned officers (NCOs) to American tactics, doctrine, and leadership -- important elements in raising their level of professionalism. IMET will also provide training for new Estonian English teachers at basic and advanced levels.

Estonia's efforts to become fully interoperable for participation in NATO and NATO-associated operations, including peacekeeping, peace enforcement, and humanitarian assistance, will be sustained in part by Foreign Military Financing (FMF). In FY 2006, FMF funds will contribute to the establishment of a standardized, secure-mode-capable, NATO-interoperable communications network for the National-Strategic-Operations-Tactical levels to support Estonia's ability to deploy and participate in peace and wartime exercises and operations. In meeting this objective, funds will be used to equip a military intelligence battalion with modern, NATO-compatible tactical radios, equip the Estonian Naval Fleet with a Navy tactical information system, and develop a simulation capability, among other projects. FMF funds will also sustain previously acquired U.S.-origin equipment.

In FY 2006, Estonia will once again be eligible to receive grant Excess Defense Articles (EDA) under section 516 of the Foreign Assistance Act. EDA materiel will help Estonia meet national defense requirements and further its NATO interoperability.

As part of its efforts to prevent the proliferation of weapons of mass destruction, their delivery systems, related technologies, and other weapons, the United States is providing Non-proliferation, Anti-terrorism, Demining and Related Programs (NADR)-funded Export Control and Related Border Security assistance in the form of a cooperative program to help establish fully effective export controls in Estonia. FY 2005

NADR-EXBS funding focused primarily on providing sophisticated equipment to enhance the security of Estonia's borders. Since Estonia has made significant progress in establishing an effective export control system, only \$100,000 in NADR-EXBS funding is being requested for FY 2006 in order to complete program activities.

World War II landmines and unexploded ordnance, as well as the occasional sea mine that washes ashore, pose a significant danger to people in Estonia. In FY 2005, regional NADR Humanitarian Demining funds contributed to saving lives and creating conditions for increased economic growth and productivity.

Georgia
(\$ in thousands)

Account	FY 2004 Actual	FY 2005 Estimate	FY 2006 Request
FMF	12,000	11,904	12,000
FSA	71,701	86,000	67,000
IMET	1,228	1,200	1,200
NADR-HD	1,500	3,000	3,000
NADR-SALW	-	-	300
P.L. 480 Title II	2,974	-	-
Peace Corps	1,525	1,618	1,754
PKO	3,000	-	-

Since the November 2003 “Rose Revolution,” Georgia’s new government has mobilized significant legislative and public support for its major reform initiatives. The region of Ajara has now been brought fully under the control of the central government, strengthening Georgia's economic viability. Georgia continues to play a key role in furthering U.S. interests and has been a strong supporter in the Global War on Terrorism, Operation Iraqi Freedom (OIF), and Operation Enduring Freedom. Georgia granted the United States blanket overflight rights and potential basing permission, and contributed personnel to the U.S. Central Command's (CENTCOM) area of operations. By enhancing Georgia’s ability to control its borders, the United States reduces the risk of conflict in the region and helps block the transit of terrorists and weapons into and out of the North Caucasus. Furthermore, with the completion of oil and gas pipelines in the coming years, Georgia will become a key conduit through which Caspian Basin energy resources will flow to the West, facilitating diversification of energy sources for the United States and Europe.

In recognition of Georgia’s rapid improved performance in 16 criteria areas, Georgia was one of only 16 countries deemed eligible to compete for Millennium Challenge Account (MCA) funds in FY 2004 and in FY 2005. Should Georgia actually receive MCA funds, implementation would be closely coordinated with FREEDOM Support Act (FSA)-funded programs to ensure maximum development effect and poverty alleviation.

FY 2006 funding will continue to support efforts of the new Georgian Government to undertake the economic and political reforms embarked upon after the November 2003 “Rose Revolution.” The funding will support the new government’s focus on anti-corruption, good governance, and economic development. U.S. assistance to Georgia will also enhance its territorial integrity, promote regional security and nonproliferation, support the rule of law, support market-based economic reform, strengthen civil society, and help relieve human suffering. In FY 2006, the United States plans to continue a range of security-related programs to improve Georgia's ability to monitor and combat terrorism; deter, detect, prevent, and investigate the flow of illicit weapons of mass destruction (WMD), related materials and expertise; prevent the cross-border illicit transshipment of contraband; and support military reforms.

The FSA-funded Georgia Border Security and Law Enforcement (GBSLE) Assistance Program will continue to provide necessary equipment (such as radios, remote sensors, surveillance and detection equipment), logistical and infrastructure support, and training to help the Georgian Border Guard, Coast Guard, Customs Service, and other security forces maintain an active presence on Georgia's land and sea borders. The GBSLE Program will continue to enhance Georgian capabilities to monitor and control territorial borders, patrol internal checkpoints, and prosecute criminals and terrorists. In addition, this program will continue to enhance interoperability between Georgian security forces and U.S. and Coalition forces. GBSLE assistance will include support for uniforms, transportation, infrastructure upgrades,

training, command/control/communications, vessels and aircraft, spares and maintenance, radar and facilities operation and management, and new tactical utility vehicles.

The U.S. enjoys extensive security cooperation with Georgia. As our partner in the international coalition against terrorism, Georgia has provided peacekeeping forces to Iraq and has submitted an Individualized Partnership Action Plan (IPAP) to NATO. The centerpiece of U.S.-Georgian security and counterterrorist cooperation has been the U.S. training of five Georgian battalions in the high-profile Georgia Train and Equip Program (GTEP), which ended in FY 2004. In FY 2006, Foreign Military Financing (FMF) will sustain and bolster the high level of battalion level operational capability attained during the course of GTEP.

FY 2006 FMF will be used to provide follow-on training and equipment (including uniforms and personal soldier packs) to the units trained under GTEP, also serving in OIF, and will also sustain the GTEP training base. In addition, FMF will fund contractors to work daily with Georgian leadership and forces in order to plan and enact necessary defense reforms. FMF funds will also provide for the maintenance of the UH-1H "Huey" class helicopter program. Providing training and equipment for previously provided UH-1H helicopters will increase the Georgian Armed Forces' capability to respond to threats.

The IMET program will be used to support and provide training related to the UH-1H program. In addition, IMET funds will be used to support the U.S. advisory program to the Georgian Defense Ministry and Armed Forces. Our advisory program will ensure that Georgia has the benefit of U.S. expertise in attaining their goal of an effective, NATO-interoperable military.

In FY 2006, Georgia will be eligible to receive Excess Defense Articles (EDA) on a grant basis under Section 516 of the Foreign Assistance Act. The transfer of EDA will assist Georgia in meeting its defense requirements and furthering its interoperability.

FSA funds provide training and equipment to give Georgia the necessary capability to prevent the spread of dual-use equipment and technology. Additional assistance through the FSA-funded Civilian Research and Development Foundation (CRDF) and the Nonproliferation, Anti-terrorism, Demining and Related Programs (NADR)-funded Bio/Chem Redirect Program and Science Centers Program provides peaceful research and employment opportunities for former-Soviet weapons experts in Georgia, with a view to preventing the spread of their expertise to rogue states or terrorist organizations. These research activities include projects focused on HIV/AIDS and tuberculosis, as well as activities that engage Georgian, Azerbaijani and Armenian scientists in regional collaboration, prominently in seismic risk assessment. The Bio/Chem Redirect Program channels NADR Nonproliferation of WMD Expertise funds to support collaborative research involving Georgian scientists with experts from the U.S. Environmental Protection Agency (EPA) and the Department of Health and Human Services (HHS) Biotechnology Engagement Program (BTEP), contributing to the U.S. pursuit of countermeasures to biological and chemical weapons.

Georgia's new political environment is providing new opportunities for anti-corruption, law enforcement, and judicial reform efforts. FY 2006 FSA funding will support initiatives to improve the professional development of police and prosecutors; to support reform of law enforcement agencies and the procuracy, focusing on anti-corruption initiatives within these agencies; support law enforcement academy development through assistance for curriculum development and training; support steps to address money laundering and to implement the Criminal Code; continue judicial reform programs; and continue to support research on criminal justice issues by Georgian academics for use by Georgian decision-makers.

In FY 2006, FSA-funded democracy programs will build on the momentum of the recent changes. Non-governmental organizations (NGOs), many of which have benefited from U.S. assistance, are numerous and active, as are independent media. FSA funds will continue to support civil society programs,

development of an independent judiciary, and governmental institutional reform at both the local and national levels. FSA-funded economic reform programs will support the Georgian Government's efforts to reform the country's legal and regulatory systems, privatize the economy, implement budgetary reforms, achieve fiscal stability, and fight corruption. The U.S. will continue to support development of private-sector markets, including continued land reform and privatization of government assets. Assistance to the new Georgian government will continue to help them increase revenues, especially in the areas of budget, energy, and revenue collection. FSA funding in FY 2006 will continue to support programs devoted to the non-governmental sector, including agriculture, and business support and credit programs that help small and medium-sized private businesses.

In FY 2006, FSA-funded humanitarian programs will continue to provide critical medical and emergency help to refugees, internally displaced persons (IDPs), and other impoverished persons in underserved and remote areas of Georgia. U.S. organizations working with the U.S. Government in partnership with the Government of Georgia and local NGOs will administer basic medical services and provide essential medicines, clothing and food to refugees, IDPs, children, the elderly, and other vulnerable populations. This assistance is integral to alleviating poverty and preventing widespread health problems and suffering in the populations beyond the reach of limited local government social welfare programs.

The United States also provides humanitarian assistance through the NADR-funded Humanitarian Demining Program (HDP). In FY 2006, the HDP will continue to address the threat of landmines and unexploded ordnance from the civil conflict in and around the Abkhazia region of Georgia. Past funding has already helped to train and equip a team of Georgian deminers to United Nations standards, but much more work needs to be done. The NADR-funded Small Arms/Light Weapons Destruction program plans to provide assistance in FY 2006 to reduce Georgia's vast surplus of these items.

Greece
(\$ in thousands)

Account	FY 2004 Actual	FY 2005 Estimate	FY 2006 Request
IMET	568	1,000	600

A key NATO ally, Greece is strategically located near Balkan and Middle East trouble spots, and is essential to the ability of the United States and other allies to respond to contingencies in Southern Europe and further east. The U.S. naval base in Crete has played a pivotal role in recent U.S.-led military coalition operations. Greece has given full support to Operation Enduring Freedom and has pledged over \$3.6 million for assistance to Afghanistan. Greek forces are serving with NATO in Afghanistan. As the only country in its region belonging to both NATO and the European Union, Greece is a role model for its neighbors, as well as a leading participant in international efforts to promote democracy, stability, and development in Southeastern Europe. Greece also is essential to U.S. efforts to promote a solution on Cyprus and, more broadly, to encourage the peaceful resolution of disputes in the Aegean region.

The United States seeks to help Greece fulfil its NATO responsibilities, strengthen international cooperation on counterterrorism, and take steps that facilitate U.S. business interests. In FY 2006, the International Military Education and Training (IMET) program will continue to promote the professionalization of the Greek military, and thus U.S. interests, through the training of Greek officers in the United States, thereby establishing cooperative relations with the U.S. military. Prior-year IMET funds have helped Greece maintain a modern military capable of meeting the country's NATO commitments. Furthermore, IMET indirectly promotes the use of U.S. defense-related articles, thereby enhancing NATO equipment standardization goals.

Greece continues to take positive steps to reduce military tensions with Turkey, as a part of the general rapprochement in relations between the two countries.

Consistent with its readiness needs and NATO obligations, Greece also is a recipient of Excess Defense Articles (EDA). It will again be eligible to receive grant EDA in FY 2006 under Section 516 of the Foreign Assistance Act. The transfer of grant EDA to Greece accords with U.S. and NATO efforts to strengthen regional stability in Southeastern Europe and the Eastern Mediterranean. In view of Greece's strategic location, the United States in recent years has asked Greece to become a more active participant in key regional peacekeeping missions in Albania, Bosnia and Kosovo. As an active member of the Multilateral Peacekeeping Force Southeast Europe, Greece may also use EDA in related regional missions, all of which are designed to promote stability in the region.

Hungary

(\$ in thousands)

Account	FY 2004 Actual	FY 2005 Estimate	FY 2006 Request
FMF	6,938	5,952	4,000
IMET	2,044	1,900	1,575

U.S. assistance has helped Hungary develop into a stable, democratic, market-oriented NATO ally and member of the European Union that actively participates in NATO operations, thereby contributing to the security of the entire Central European region. Hungary has contributed to international community efforts in the Balkans, Iraq, Afghanistan and participates in a number of United Nations peacekeeping missions. Hungary has also been an ally in the Global War on Terrorism. The Hungarian Government has been supportive of Operation Enduring Freedom and has stationed Hungarian troops in Iraq throughout 2004. Hungary's ruling coalition supported extending the mandate for its troops in Iraq into 2005; however, the opposition effectively blocked that measure. Nonetheless, the Hungarian Government does not need parliamentary approval to deploy troops on NATO missions, and it has already offered to take part in the NATO Training Mission in Iraq beginning in 2005. Hungary reinforced its presence in Afghanistan by sending a reconnaissance unit in September 2004. Hungary has also supported counter-terrorism training at the Support for East European Democracy (SEED)-funded International Law Enforcement Academy (ILEA) in Budapest. Hungary was one of the first wave of graduates from bilateral SEED Act support; Hungary will not receive SEED assistance in FY 2006.

FY 2006 Foreign Military Financing (FMF) and International Military Education and Training (IMET) assistance will be used to develop military capabilities that contribute to NATO Force Goals and increase interoperability. Current FMF funds have been allocated to address these larger goals, which are being addressed through the following projects:

- Installation of a multiple integrated laser engagement system (MILES) at the future national training center at Varpalota.
- Continuing contractor-provided defense advisory services with a focus on: (1) helping Hungary meet its NATO Force Goals and enhance its ability to deploy out-of-country expeditionary forces; (2) enhancing noncommissioned officer (NCO) reform and development; (3) creating a more transparent and useable defense planning system; and (4) furthering Hungary's progress toward the creation of a professional military.
- Purchase of high-frequency/very-high-frequency radios for improved communication with forces deployed abroad.
- Modernizing and sustaining the FMF-supported Air Sovereignty Operations Center.
- Sustaining an Identification Friend-or-Foe (IFF) system for fixed- and rotary-wing aircraft;
- Establishing an English-language program at the Ministry of Defense's National Defense University;
- Providing rugged laptop computers; and
- Facilitating the purchase of nuclear, biological and chemical (NBC)-related medical equipment.

IMET funds have complemented FMF assistance by supporting the larger goals of interoperability with U.S. forces, fostering NATO integration, and defense reform by providing much-needed exposure to American doctrine, tactics and leadership skills for Hungarian officers and NCOs.

With the help of previous U.S. Nonproliferation, Antiterrorism, Demining and Related Programs (NADR)-funded Export Control and Related Border Security (EXBS) Assistance, Hungary has made significant progress toward establishing an effective export control system. Hungary has maintained a strong

nonproliferation record over the last several years, implementing stringent legal controls on exports of dual-use equipment and arms. Although there is no NADR-EXBS request specifically for Hungary in FY 2006, regional NADR-EXBS funds will continue to support Hungary's participation in regional export control events, and a regionally based EXBS Advisor will cooperate with Hungarian officials on an ad hoc basis.

In FY 2006, Hungary will continue to be eligible for Excess Defense Articles (EDA) on a grant basis under Section 516 of the Foreign Assistance Act. The transfer of EDA will assist Hungary in meeting its defense requirements and enhancing its interoperability.

Ireland
(\$ in thousands)

Account	FY 2004 Actual	FY 2005 Estimate	FY 2006 Request
ESF	21,870	21,824	12,000

A permanent political settlement in Northern Ireland remains a priority foreign policy goal of the United States. The United States supports full implementation of the Good Friday Agreement, which provides a framework for lasting peace and reconciliation in the region.

The Economic Support Fund (ESF) supports two programs which contribute to the peace process: the International Fund for Ireland (IFI) and the Irish Peace Process Cultural and Training Program (also known as the Walsh Visa Program).

The IFI was established in 1986 by the British and Irish Governments to promote economic and social advancement and encourage contact, dialogue and reconciliation between nationalists and unionists throughout Ireland and Northern Ireland. In addition to the United States, the European Union, Canada, Australia, and New Zealand have contributed to the Fund, although neither Australia nor New Zealand is an active donor. The U.S. contribution to the Fund helps foster cross-community interaction, economic regeneration, and job opportunities in Northern Ireland and the border counties of Ireland.

Reconciliation projects and economic development will be supported from the FY 2006 request level of \$8,500,000. Disbursements from the Fund are made in support of equality of opportunity and nondiscrimination in employment, addressing needs in both Catholic and Protestant communities and encouraging cross-community cooperation. As a measure of the Fund's success, between 1987 and September 2004, about 5,500 Fund projects created over 42,000 jobs. Over 800 organizations have been assisted to promote social and economic development, involving more than 9,000 community leaders. Continued U.S. support underpins U.S. efforts to create an enduring, sustainable peace in Northern Ireland.

A total of \$3,500,000 in ESF funding is requested for the Walsh Visa Program, which is also dedicated to supporting economic regeneration and peace and reconciliation in Ireland and Northern Ireland. The October 1998 law establishing this program was designed for young residents of Northern Ireland and the border counties of Ireland, to enable them to “develop job skills and conflict resolution abilities.” Those meeting the program criteria are eligible for non-immigrant visas enabling them to work for up to three years in the United States to gain job experience and work skills.

The first group of Walsh Visa Program participants entered the United States in March 2000, and the most recent group arrived in September 2003. In November 2004, Congress renewed the program through FY 2008. FY 2006 funding will provide continued support and monitoring for current Walsh participants until their return home.

Kazakhstan

(\$ in thousands)

Account	FY 2004 Actual	FY 2005 Estimate	FY 2006 Request
FMF	2,980	4,960	5,000
FSA	33,342	26,690	26,000
IMET	1,233	1,000	1,000
NADR-EXBS	2,000	2,000	1,400
NADR-SALW	-	500	700
Peace Corps	2,312	2,686	2,874

The United States seeks to promote Kazakhstan's development as a stable, independent, democratic, market-oriented and prosperous state that has good relations with its neighbors and strong links to the West. Kazakhstan has vast hydrocarbon reserves and is the largest Central Asian state, sharing borders with Russia and China. In support of Operation Enduring Freedom, Kazakhstan provided the United States with overflight permission and has offered basing privileges. Kazakhstan has supported Operation Iraqi Freedom, contributing soldiers to Coalition forces.

Key U.S. interests in Kazakhstan include the following: (1) building on the Kazakhstani Government's commitments to the Global War on Terrorism; (2) building on non-proliferation programs that have achieved impressive successes, including the U.S. Defense Department's Cooperative Threat Reduction (CTR) Program; (3) promoting democratic governance, market-based, transparent development of Kazakhstan's hydrocarbon resources, diversified routes for oil and gas exports to world markets, a favorable investment climate for U.S. firms, and integration of Kazakhstan into the world trading system; and (4) supporting efforts to enhance Kazakhstan's capabilities to manage its borders and counter the transport of illicit drugs produced in Afghanistan.

FY 2006 FREEDOM Support Act (FSA) funds will continue to provide support for small and medium-sized enterprises (SMEs), improved management of critical natural resources, primary health care, fighting infectious diseases, and strengthening civil society and citizen participation in the political processes. In addition, FSA-funded programs will continue to support nonproliferation cooperation and improvements in law enforcement and counter-narcotics capabilities.

The Administration has developed a phase-out plan for FSA-funded economic reform programs in Kazakhstan that includes a plan for cost-sharing with the Government of Kazakhstan (GOK). The decision to draw-down FSA-funded support in this area was based on the adoption of objective, quantifiable indicators of the progress of reforms in the democratic, economic and social sectors. As a part of this interagency process, FSA-funded economic reform assistance in Kazakhstan is expected to be phased out by FY 2009. Under the U.S.-Kazakhstan Partnership for Economic Development (PED), the GOK will share in the costs of the U.S. Government's economic assistance programs and will play a greater role in their design and implementation. As the flow of revenue from Caspian oil increases over the next few years, the GOK will be expected to share the cost of technical assistance and training in a broad range of areas.

Disparities in income between socio-economic groups and between oil and non-oil producing regions continue to grow in Kazakhstan. Private-sector development programs are crucial to our efforts to help diversify the country's sources of economic growth, and will continue in FY 2006.

A significant recent development in the regional electric power sector is the GOK's interest in making investments in the hydropower infrastructure of the neighboring Kyrgyz Republic in order to offset

projected energy shortages in southern Kazakhstan. The U.S. Government will assist the GOK in regional energy trading by supporting negotiation of regional agreements based on international standards and supporting the implementation of those agreements.

FSA-funded health care reform programs are facilitating the implementation of systemic changes to create a higher quality, user-friendly, more cost-effective primary healthcare system in select regions of Kazakhstan. Increased momentum for health sector reform was generated in FY 2004 by President Nazarbayev's call for reform, a doubling of the Government of Kazakhstan health budget, and the passage of nine key pieces of legislation. FSA-funded programs introduced evidence-based medical practices, worked to improve medical and nursing education, and addressed infant, child, and maternal health issues. With the help of U.S. assistance, over one-third (37%) of the population was voluntarily enrolled in primary health care, and 31% of health providers were paid, thanks to the introduction of new financing systems.

Kazakhstan's progress towards democracy continues to be uneven. The 2004 parliamentary elections fell short of the international standards to which Kazakhstan has committed itself. While the registration of opposition parties and improvements to the election law were signs of progress, a number of aspects of the law were not implemented effectively or impartially, and there were serious shortcomings in voter lists, candidates' access to media, and the tabulation of voting results. Although President Nazarbayev vetoed a new media law that would have severely restricted electoral and other coverage, media outlets critical of the President faced excessive libel judgments and damage demands; a new draft media law is currently under consideration. In the face of these challenges, FSA-funded democracy assistance programs are designed to help maintain citizen participation through support for political processes and institutions, strengthen grassroots civic organizations, and develop more effective, responsive and accountable local government.

The U.S. will continue to provide assistance to independent broadcast and print media in Kazakhstan. Programs will help independent broadcast media adhere to the country's broadcast and production laws, thereby decreasing the chances of legal challenges impeding their operations. The U.S. will also support local human rights defenders, government plans for judicial reform, and activities to promote a free and fair electoral process. A local government reform project will continue to work to promote citizen participation and improve local governments' responsiveness to citizens; this program has been successful in addressing difficulties with the privatization of housing. The U.S. will also continue its work to strengthen non-governmental organizations by providing them with training, technical assistance and small grants.

With the dissolution of the Soviet Union, Kazakhstan became a de facto nuclear weapons state. After achieving its independence, Kazakhstan began to work cooperatively with the United States and others to dismantle Soviet-era nuclear, biological and chemical weapons infrastructure and redirect related expertise. U.S. nonproliferation assistance programs address these potential sources of proliferation. FY 2006 FSA and Nonproliferation, Anti-terrorism, Demining and Related Programs (NADR) funds will continue to help prevent, deter, detect, investigate and interdict threats of proliferation; ensure the security of nuclear materials; redirect former Soviet weapons expertise to peaceful projects; and enhance Kazakhstan's capabilities and infrastructure to control exports and secure its borders. A high-profile example of bilateral cooperation includes our work with Kazakhstan to render irreversible its decision to decommission the Soviet-built BN-350 breeder reactor in Aktau. FY 2006 NADR Small Arms/Light Weapons/Light Weapons (SA/LW) Destruction funds will help stop the proliferation of these items from Kazakhstan by supporting physical security upgrades at weapons storage sites, as well as the destruction of excess SA/LW. In FY 2006, the development of Kazakhstan's maritime border security capabilities, funded by NADR and FSA assistance, will continue to be a priority. The Export Control and Related Border Security (EXBS) Assistance Program will continue to sponsor training programs on building effective legal export controls; border searches counter-proliferation awareness; and international border interdiction training for Kazakhstan's border security officials.

Kazakhstan is a significant beneficiary of NADR Nonproliferation of WMD Expertise assistance, managed by the Bio/Chem Redirect and Science Centers Programs. Kazakhstan is a party to the International Science and Technology Center (ISTC). The Science Centers program is funding a project at the Pavlodar Chemical Plant, in which the U.S. Department of Energy's (DOE) Initiatives for Proliferation Prevention will fund participation by U.S. national laboratories. The State Department's Bio/Chem Redirect Program will fund additional projects at Pavlodar, involving experts from the U.S. Environmental Protection Agency (EPA), and at the environmental monitoring laboratory in Stepnogorsk, where over 100 former biological weapons researchers are engaged in transparent work.

Kazakhstan's law enforcement agencies are poorly equipped and in need of reform and improvements in their capabilities. Kazakhstan's lengthy borders are inadequately monitored. Legislation criminalizing the financing of terrorism has yet to be adopted, previously enacted legislation criminalizing money laundering needs improvement, and there is no central financial intelligence unit to track suspicious financial transactions. The U.S. Government is supporting a project to improve border controls on the southern Kazakhstani border, modernize statistics collection, train financial investigators in money laundering related to narcotics trafficking, and begin assistance and training to selected border guard and police units on the northern and southern Kazakhstani borders focused on intercepting narcotics.

FY 2006 funding will support expanded projects to fight money laundering and terrorist financing, continued efforts to address trafficking in persons and support reforms in the judicial sector and law enforcement agencies, and expand border security efforts aimed at narcotics trafficking and other organized criminal activities. FY 2006 funding will also support efforts to encourage modernization of Kazakhstan's law enforcement agencies and improved respect for the rights of suspects and prisoners and will support greater bilateral cooperation between Kazakhstani law enforcement agencies and the U.S. Drug Enforcement Administration and other U.S. law enforcement agencies.

Although it is not requesting resources specifically for Kazakhstan in FY 2006, the NADR Antiterrorism Assistance (ATA) Program will continue to use its regional funding to provide training to Kazakhstani law enforcement and security elements engaged in the prevention of terrorism.

FY 2006 Foreign Military Financing (FMF) will continue to enhance Kazakhstan's capability to combat terrorism in the region through security enhancements and counterterrorism support. FMF will continue to provide assistance to the Peacekeeping Battalion and help support development of a rapid reaction brigade near the Caspian oil field in Atyrau. This brigade will enhance Kazakhstan's capability to respond to major terrorist threats to oil platforms or borders, while also enhancing its interoperability with NATO, U.S., and Coalition forces. FMF funds will support the purchase of equipment for a special operations unit in the Caspian region.

FY 2006 International Military Education and Training (IMET) funds will help facilitate greater professionalism and reform of the armed forces. English-language training will continue to foster cooperation and interoperability, especially with regard to the peacekeeping battalion and rapid reaction brigade. IMET is the vehicle through which the U.S. will continue to expand its security relationship with Kazakhstan through military integration and promotion of interoperability.

In FY 2006, Kazakhstan will be eligible to receive Excess Defense Articles (EDA) on a grant basis under Section 516 of the Foreign Assistance Act. Provision of EDA will help Kazakhstan meet its defense requirements and further its NATO interoperability.

Kosovo
(\$ in thousands)

Account	FY 2004 Actual	FY 2005 Estimate	FY 2006 Request
SEED	78,534	75,000	72,000

Since the end of the conflict in 1999, the United States has worked closely with its international partners to actively promote political and economic stability in Kosovo. In line with United Nations Security Council Resolution (UNSCR) 1244, the U.S. Government continues to work with the UN Interim Administration Mission in Kosovo (UNMIK) and the Provisional Institutions for Self-Government (PISG), while encouraging the continued transfer of responsibilities to the PISG. U.S. assistance is designed to help the PISG meet the Standards for Kosovo. These standards, deemed crucial to Kosovo's functioning as a stable, multiethnic, and democratic society, include the development of functioning democratic institutions, rule of law, freedom of movement, sustainable return of refugees and displaced persons, a market-based economy, property rights, direct dialogue with Belgrade, and professionalization of the Kosovo Protection Corps.

FY 2006 Support for East European Democracy (SEED) funds will continue to support projects that strengthen democratic institutions, promote rule of law and good governance, and develop a market economy integrated with the region and the rest of Europe. SEED assistance aims to solidify stability and democracy within Kosovo in order to hasten the day when the NATO-led Kosovo Force (KFOR), which currently includes approximately 1,800 U.S. troops, can withdraw. Given the importance of law enforcement and administration of justice, the United States will continue to support the UNMIK International Police Force and to train and equip the Kosovo Police Service (KPS), which is increasingly taking on expanded investigative processes, including against organized crime.

Institution building, particularly in the areas of democracy, rule of law, and the economy, will remain important components of SEED-funded assistance in FY 2006. U.S. support will continue to increase the capacity of the PISG and municipal-level governments through training, advisors, and other support. SEED assistance will also be provided to strengthen independent media, civil society organizations, and youth and civic leaders. Support to the KPS and the Kosovo justice system will build capacity in the rule of law. To promote Kosovo's economic recovery and integration into the regional economy -- a fundamental objective of U.S. assistance -- the U.S. Government is providing technical assistance and advisors at both the central and local levels in key areas such as budgeting and finance, commercial law, privatization, energy infrastructure, and private enterprise development. U.S. assistance will be designed to support a sustainable return and reintegration process in Kosovo, largely by helping the PISG meet the Standards for Kosovo, which will facilitate Kosovo's development into a stable, multiethnic society.

In addition, SEED funds cover the U.S. share (approximately 14 percent) of the costs of the Organization for Security and Cooperation in Europe (OSCE) field mission in Kosovo (OMIK). In Kosovo, OMIK plays an integral role as UNMIK's Pillar III, under which it is charged with oversight of institution building and human capacity building activities, including the training of the KPS, building institutions responsible for election supervision, and the monitoring, protection and promotion of human rights.

Kyrgyz Republic

(\$ in thousands)

Account	FY 2004 Actual	FY 2005 Estimate	FY 2006 Request
FMF	4,075	1,984	2,000
FSA	36,238	31,000	30,000
IMET	1,047	1,100	1,100
NADR-EXBS	500	500	810
Peace Corps	1,669	1,848	1,828

The United States seeks to help the Kyrgyz Republic become a democracy that is based on the rule of law and civil society, functions on free-market economic principles, is at peace with its neighbors, is integrated into the world economy, and raises living standards through economic opportunity, education and health care. The Kyrgyz Republic is providing crucial support for Coalition forces in support of Operation Enduring Freedom, and the Global War on Terrorism, most notably in hosting the Coalition airbase at Manas.

U.S. assistance to the Kyrgyz Republic seeks to enhance its sovereignty and territorial integrity, increase democratic participation and civil society, support economic reform and development, improve observance of human rights protections, help prevent weapons proliferation, and more effectively combat transnational terrorism and transnational criminal activities including drug trafficking, and trafficking in persons.

In FY 2006, the United States plans to continue FREEDOM Support Act (FSA)-funded economic and technical assistance for small and medium-sized enterprise development, civil society strengthening, and health reform. Efforts to improve the capabilities of Kyrgyz law enforcement agencies to intercept major narcotics smuggling out of nearby Afghanistan and to combat other forms of organized crime will be expanded. A range of security-related assistance programs for the Kyrgyz Republic will be funded through the FSA, Nonproliferation, Anti-terrorism, Demining and Related Programs (NADR), Foreign Military Financing (FMF) and International Military Education and Training (IMET) accounts.

FSA-funded economic assistance helps create free and viable markets where microenterprises and small and medium-sized enterprises (SMEs) can thrive. FSA-funded programs have helped the Kyrgyz Republic make progress in tax reform and government budget processes. Credit financing supports microenterprise and SME development. FSA programs have also helped the Kyrgyz Republic become a regional leader in health care reform.

There were neither great setbacks nor significant advances in democratic reform in the Kyrgyz Republic during 2004. Incidents of government harassment of non-governmental organizations (NGOs) continued to occur. While libel suits against the media have effectively ended, several independent media outlets have been bought by pro-government interests. Official corruption continued to be an issue, despite the formation of a National Council on Good Governance. Reformist and anti-reform elements within the Kyrgyz Government continued to struggle for dominance. A pro-government political party increased in size and influence during the year, presenting a challenge to the large number of smaller parties, most of which lack strong platforms or constituencies. A new electoral code was adopted that contains improvements in some areas, but still falls short of international standards. Nevertheless, the Kyrgyz Republic remained the most open and free society in Central Asia.

Parliamentary and presidential elections scheduled for 2005 present an historic opportunity for the Kyrgyz Republic to be a model for peaceful, democratic transfer of executive power in the region. President

Akayev has stated publicly that he will step down at the end of his term in office in 2005, opening the possibility of a further transition toward democracy. In FY 2005 and 2006, FSA-funded democracy assistance will continue to support nonpartisan training for political parties as well as civil society and independent media development, with a focus on promoting free and fair parliamentary and presidential elections. Programs to work with local governments and citizens to strengthen the accountability of government will also continue, as will U.S. assistance in the field of education, including programs focusing on civic education, basic education, and the continued development of the American University of Central Asia (formerly the American University of Kyrgyzstan).

The FSA and NADR accounts will continue to fund peaceful scientific activities by former weapons scientists. Through the Export Control and Related Border Security (EXBS) Assistance Program, which is funded under the FSA and NADR accounts, the U.S. will continue to work with the Kyrgyz Republic to deter, detect and interdict weapons and technology of proliferation concern by establishing export control laws, regulations, licensing and enforcement mechanisms. The U.S. will also continue to provide support to enhance the Kyrgyz Republic's border security capabilities through the Aviation/Interdiction Project. The regionally funded NADR Anti-Terrorism Assistance (ATA) Program will continue to provide counter-terrorism training to Kyrgyz law enforcement and other security personnel to bolster the country's ability to maintain security at home and to participate in the Global War on Terrorism. Kyrgyz institutes with weapons-of-mass-destruction (WMD)-relevant expertise in human and animal disease, seismic testing, and radiological environmental effects will continue to receive support from the NADR Nonproliferation of WMD Expertise account. Through the Kyrgyz Republic's membership in the International Science and Technology Center (ISTC), the U.S. provides grants for peaceful research, training in proposal writing, and information technology and travel support for professional networking to Kyrgyz scientists with WMD-relevant expertise.

The Kyrgyz Republic is a major transit country for illegal narcotics produced in nearby Afghanistan and bound for Russia and Western Europe. The revenues from such drug smuggling are strongly believed to be a source of financing for terrorist entities. A substantial amount of FSA-funded U.S. law enforcement assistance to the Kyrgyz Republic is therefore aimed at improving the interdiction and enforcement infrastructure and training of counter-narcotics units. FY 2006 FSA funds will further expand law enforcement assistance programs to address the rapidly growing narcotics smuggling out of Afghanistan and the very poor state of Kyrgyz law enforcement equipment, training and practices. FY 2006 FSA funding will provide support for the operations of the new Kyrgyz Drug Control Agency, which will be staffed by vetted Kyrgyz personnel. FSA-funded assistance will also be provided for further law enforcement agency reforms, including reforms to ensure proper treatment of suspects; for continued development of the judicial sector; for expanded border control improvements; for work with Kyrgyz prosecutors; and for improvements in the Kyrgyz government's ability to detect and halt money laundering and terrorist financing.

Foreign Military Financing (FMF) will be devoted to a range of projects aimed at reinforcing the Kyrgyz Republic's capability to combat terrorist insurgents moving through the region, establishing greater internal security, and promoting regional stability. FMF will sustain the professionalization of the Kyrgyz Armed Forces and will promote interoperability. FMF will also fund the purchase of radios and provide infrastructure support for rapid reaction forces to enhance their modernization and professionalization; radios, ground stations and associated equipment for peacekeeping units; and training and infrastructure support for noncommissioned officer corps modernization and professionalization.

International Military Education and Training (IMET) funds will help facilitate greater professionalism and reform of the Kyrgyz Armed Forces and provide English language training. Special forces and English language training for border guards will help combat the continuing threat of terrorists and insurgents in the Kyrgyz Republic and across the region, as well as promote interoperability. In FY 2006, the Kyrgyz

Republic will continue to be eligible to receive Excess Defense Articles (EDA) on a grant basis under section 516 of the Foreign Assistance Act. EDA transfers will help the Kyrgyz Republic to meet its defense requirements and further its NATO interoperability.

Continuing in FY 2006, FSA-funded humanitarian programs will provide critical medical and emergency help to impoverished persons in underserved and remote areas of the Kyrgyz Republic. U.S. organizations working with the U.S. Government in partnership with the Kyrgyz Government and local NGOs will administer basic medical services and provide essential medicines, clothing and food to children, the elderly and other vulnerable populations. This assistance is integral to alleviating poverty and preventing widespread health problems and suffering in populations beyond the reach of the limited social welfare programs being implemented by local governments.

Latvia
(\$ in thousands)

Account	FY 2004 Actual	FY 2005 Estimate	FY 2006 Request
FMF	6,496	4,960	5,000
IMET	1,337	1,200	1,200
NADR-EXBS	2,185	1,000	100

Latvia and the other two Baltic states of Estonia and Lithuania are important to Northern Europe's long-term stability. In light of Latvia's accession into NATO and the European Union in 2004, the country's prospects for the future appear promising. The United States has maintained a significant assistance relationship with Latvia ever since it regained its full independence from the Soviet Union. Now that Support for East European Democracy Act (SEED) assistance to Latvia has phased out, U.S. assistance is focused on the military and security fields.

U.S. goals for Latvia remain promoting good-neighborly relations between Latvia and nearby countries, including Russia, and strengthened cooperation among the Nordic and Baltic countries. Latvia is interested in sharing its experience in political and economic reform with the Eurasian countries, an effort that the United States fully supports.

Latvia has proven itself to be a reliable partner for the United States in the Global War on Terrorism and other high-priority foreign policy issues. In FY 2006, U.S. defense and military assistance programs will provide material aid and training, complement allied and partner-state support for Latvia by facilitating Latvia's participation in multilateral projects, and strengthen the professionalism of the country's defense establishment.

Latvia's military has had to start from almost nothing after the country regained its independence. Nevertheless, in little more than a decade, it has become a territorial defense force capable of taking part in international operations. Latvia contributes personnel in Iraq, Afghanistan and the Balkans. Progress by the Latvian Government in developing its force and procuring significant new defense materiel is affected by limited availability of national funding. However, the Government of Latvia is committed to annual allocations for defense spending at two percent of GDP through 2008. The chief goals of the Latvian military are to enhance military professionalism and NATO interoperability. At the same time, essential salary reforms and quality-of-life projects, such as improved housing, which are necessary for building a professional force, have been high priorities and will continue to consume a large part of initial budget increases.

Foreign Military Financing (FMF) is a critical factor in Latvia's efforts to make its military more interoperable for U.S. and NATO-associated operations, including exercises, peacekeeping, peace enforcement, and humanitarian assistance. In FY 2006, FMF will be used to further develop and sustain Latvia's command, control, communications, computers and intelligence (C4I) capabilities by outfitting the Latvian Armed Forces with modern communications equipment, among other projects. FMF will also support the continued development of the Regional Air Space Initiative and Baltic Air Surveillance Network (BALNET), including the sustainment of Latvia's Air Sovereignty Operations Center (ASOC) and procurement of navigational aids, support equipment and components for a refueling station system at Riga International Airport. Both initiatives will enhance Latvia's ability to meet national support requirements for NATO aircraft operations. FMF will also be used to provide equipment to special operations, counter-terrorist and other special purpose forces, and to sustain previously acquired U.S.-origin equipment.

The International Military Education and Training (IMET) Program also supports Latvia's reform efforts. In FY 2006, IMET will focus on providing military education for Latvian personnel serving in key positions within the Latvian Ministry of Defense and Armed Forces. Other programs to be funded include basic and advanced courses for officers in highly specialized areas, courses for Latvian border guards, and assistance in the development of an English language training center.

In FY 2006, Latvia will again be eligible to receive grant Excess Defense Articles (EDA) under section 516 of the Foreign Assistance Act. Articles transferred to Latvia under EDA will help it in meeting defense requirements and achieving NATO interoperability.

As part of its efforts to prevent the proliferation of weapons of mass destruction, their delivery systems, related technologies, and other weapons, the United States is providing Nonproliferation, Anti-terrorism, Demining and Related Programs (NADR)-funded Export Control and Related Border Security (EXBS) assistance in the form of a cooperative program to help establish fully effective export controls in Latvia. In FY 2005, NADR-EXBS funding focused primarily on providing sophisticated equipment to enhance the security of Latvia's borders. Since Latvia has made significant progress in establishing an effective export control system, only \$100,000 in NADR-EXBS funding is being requested for FY 2006 to complete program activities.

Lithuania
(\$ in thousands)

Account	FY 2004 Actual	FY 2005 Estimate	FY 2006 Request
FMF	6,389	5,456	5,000
IMET	1,343	1,200	1,200
NADR-EXBS	840	1,000	100

Lithuania and the other two Baltic states of Estonia and Latvia are important to Northern Europe's long-term stability. In light of Lithuania's accession into NATO and the European Union in 2004, the country's prospects for the future appear promising. The United States has maintained a significant assistance relationship with Lithuania ever since it regained its full independence from the Soviet Union. Now that Support for East European Democracy Act (SEED) assistance to Lithuania has phased out, U.S. assistance is focused on the military and security fields.

Lithuania has proven itself to be a reliable partner of the United States in the Global War on Terrorism, as well as in other high-priority foreign policy areas. U.S. goals for Lithuania remain promoting good-neighborly relations between Lithuania and nearby countries, including Russia, and strengthened cooperation among the Nordic and Baltic countries. Lithuania is interested in sharing its experience in political and economic reform with the Eurasian countries, an effort that the United States fully supports. At the end of FY 2004, Lithuania, together with Poland, played an important role in supporting a free and fair presidential election in Ukraine.

Since regaining independence, Lithuania has had to build its military up from almost nothing -- a daunting task. By joining the European Union and NATO, Lithuania has now achieved full integration into Euro-Atlantic security structures. The United States is fostering the development of Lithuania's military by supporting its ability to interact effectively with NATO, thereby facilitating Lithuania's contributions to stability and dialogue in the region. Lithuania is committed to maintaining defense spending at two percent of GDP and is seeking to prioritize its military spending, both for its own defense needs and for its contributions to European security overall.

The International Military Education and Training (IMET) Program will continue to strengthen and modernize Lithuania's defense establishment through education and training for military officers and Defense Ministry civilians. Specific training will include study at U.S. Senior Service Colleges, staff colleges, captain career courses, basic officer courses, non-commissioned officer academies, and specialty training in logistics, explosive ordnance disposal (EOD) and special forces operations. The goal of this assistance is to develop a well-educated, professional cadre that enhances support for democratic values, civilian control of the military, and the adoption of procedures, doctrines, and training techniques that are consistent with those of Western democracies.

Foreign Military Financing (FMF) provides essential support to the Lithuanian military in its efforts to become more interoperable for participation in NATO and other international peacekeeping and peace enforcement operations, as well as humanitarian assistance. Lithuania contributes personnel to Iraq, Afghanistan, and the Balkans. In FY 2006, FMF will be used for transportation modernization, specifically assistance in equipping the Rapid Reaction Brigade with additional high-mobility multipurpose wheeled vehicles (HMMWVs or Humvees) and medium trucks, and equipping the Main Support Battalion with medium trucks. These vehicles will increase interoperability with U.S. and NATO forces. FMF will also be used to sustain Lithuania's Air Sovereignty Operations Center (ASOC) and previously acquired U.S.-origin equipment and Excess Defense Articles (EDA), such as Humvees, M-113 armored personnel

carriers (APCs), commercial utility cargo vehicles (CUCVs), and small arms. Funds will also continue to support contractor-provided assistance in defense reform and development of a simulation capability.

In FY 2006, Lithuania will once again be eligible to receive grant EDA under section 516 of the Foreign Assistance Act. Materiel transferred as EDA will help Lithuania to meet defense requirements, institute defense reforms, and further defense and NATO interoperability. The provision of EDA also will contribute to Lithuanian maritime sovereignty and facilitate the country's ongoing contribution to European security and environmental amelioration through Baltic Naval/Demining Squadron (BALTRON) operations to remove World War II and Cold War-era sea mines and unexploded ordnance.

As part of its efforts to prevent the proliferation of weapons of mass destruction, their delivery systems, related technologies and other weapons, the United States is providing Nonproliferation, Anti-terrorism, Demining and Related Programs (NADR)-funded Export Control and Related Border Security (EXBS) assistance in the form of a cooperative program to help establish fully effective export controls in Lithuania. In FY 2005, NADR-EXBS activities focused primarily on providing sophisticated equipment to enhance Lithuania's border security. Since Lithuania has made significant progress in establishing an effective export control system, only \$100,000 in NADR-EXBS funding is being requested for Lithuania in FY 2006 to complete program activities.

Macedonia
(\$ in thousands)

Account	FY 2004 Actual	FY 2005 Estimate	FY 2006 Request
FMF	7,950	5,208	5,000
IMET	858	650	650
NADR-EXBS	550	400	725
Peace Corps	1,542	1,632	1,624
SEED	38,770	34,000	39,000

U.S. interests in Macedonia include further consolidation of the peace and stability gained in the wake of the 2001 insurgency and accelerated progress on democratic, economic, and military reforms on the path to full membership in Euro-Atlantic institutions. Macedonia could be a valuable regional role model of a successful multi-ethnic democracy with constructive relations with its neighbors and strong, stable political institutions. Macedonia has been a close and constructive partner of the United States in the region. It played a key, supportive role to U.S. and Allied efforts during the Kosovo crisis and remains the main conduit for assistance and logistics for international forces and the United Nations administration in Kosovo. Macedonia has also improved relations with its neighbors and contributed to the Global War on Terrorism, contributing troops to coalition efforts in Iraq and Afghanistan.

By working to complete implementation of the 2001 Framework Agreement (FWA) that ended the 2001 ethnic Albanian insurgency, Macedonia has managed to keep incidents of ethnic tension, such as those in Struga and Kondovo in 2004, from escalating into violence, and is making an invaluable contribution to regional stability, as well as to Macedonia's own future as a unified, multiethnic democracy. The failure of a November 2004 referendum that would have halted decentralization -- a central pillar of the FWA -- has paved the way for completing the implementation of the FWA.

The goals of U.S. assistance to Macedonia are to deepen inter-ethnic cooperation, further Macedonia's transition to a market-based economy, bolster its democracy and promote reforms that bring the country closer to European Union and NATO membership. The U.S. strategy includes both short- and longer-term efforts to build upon political and security gains, improve the environment for investment and sustained economic growth, strengthen multi-ethnic democratic institutions and cooperation in the context of the FWA and support Macedonia's NATO Membership Action Plan (MAP).

In FY 2006, Support for East European Democracy (SEED) assistance programs in Macedonia will advance economic reforms, democracy-building and decentralization, while broadening the scope of ongoing activities that promote inter-ethnic relations and address minority concerns in the spirit of the FWA. These include programs to assist governmental institutions to ensure non-discrimination and equitable representation, by strengthening the effectiveness and representativeness of institutions and by implementing and reinforcing decentralization. SEED-funded programs will help strengthen rule of law through assistance in areas such as counternarcotics, border control and judicial reform.

Other SEED-funded programs will stimulate local private-sector economic development and help the Macedonian Government to develop a progressive legal framework that will foster job creation and growth. SEED funds will also support assistance in enterprise development, legal, accounting, and judicial reform, privatization and labor redeployment, and financial sector reform. SEED-funded programs are helping Macedonia to improve its investment climate, economic capacity, and adherence to international standards. The U.S. strategy includes programs to reduce the negative impacts of democratic and market transition on all ethnic groups, with emphasis on those who have yet to benefit from the market transition or are

disenfranchised, alienated, or politically under-represented. These assistance programs will reduce support for extremism within these groups and will strengthen Macedonia's democratic, economic, and civil institutions through initiatives such as small grants to non-governmental organizations (NGOs).

The armed insurgency of early 2001 fully engaged the Macedonian Government's security forces, delaying and necessitating reassessment of military reorganization and training programs. In contrast, the situations in Struga and Kondovo in 2004 were defused without resort to force. The Macedonian military has made significant progress since 2001; we expect it to continue to avail itself of opportunities for training and equipment acquisition, to enhance its ability to counter threats to Macedonian security, while preparing for NATO membership and contributing to international military missions.

Foreign Military Financing (FMF) and International Military Education and Training (IMET) will continue to advance reform and modernization of the armed forces by supporting Macedonia's MAP goals of NATO membership, further development of a NATO interoperable force structure for out-of-country operations, and improved civilian control of the armed forces. FY 2006 FMF will focus on upgrading the military's tactical communication systems for Macedonian Special Forces to improve their command and control and interoperability, including spare parts, training and equipment for maintenance of communications equipment and vehicles, including high-mobility multipurpose wheeled vehicles (HMMWVs or Humvees) and Humvee parts, 2.5-ton trucks, contractor-provided support for defense reform, and English language training. IMET funds will continue to be used for professional military education and exchanges, as well as English language training.

The Macedonian military faces significant reorganization and modernization challenges in pursuit of affordable force structures that adhere to a Western-style, NATO-compatible model and are based on a realistic threat assessment. After losing ground during the 2001 insurgency when existing MAP-oriented restructuring plans were shelved, Macedonia recommitted itself to getting reforms back on track and completed a bilateral defense assessment in 2002. Since then, it has made consistent strides in meeting its MAP goals while improving the quality and training of its non-commissioned officer (NCO) corps and senior leadership. Macedonian Ministry of Defense civilians, senior military officers, and NCOs have received instruction through the IMET Program. Macedonia continues its cooperative relations with the NATO/KFOR presence in Kosovo, utilizing this opportunity to familiarize its officers with NATO procedures, and actively seeking joint training opportunities with tactical NATO units in the region. In FY 2006, Macedonia will once again be eligible to receive grant Excess Defense Articles (EDA) under section 516 of the Foreign Assistance Act. The transfer of EDA would assist Macedonia in meeting short-term defense needs, capability enhancements through continued defense reform, and further interoperability improvements.

As part of its efforts to prevent the proliferation of weapons of mass destruction, their delivery systems, related technologies, and other weapons, the United States is providing Nonproliferation, Anti-Terrorism, Demining, and Related Programs (NADR)-funded Export Control and Related Border Security (EXBS) assistance to help the Macedonian Government put in place a fully effective export control and enforcement regime. NADR-EXBS funding will provide training and inspection/detection equipment to strengthen export control laws, regulations, and enforcement, in order to bring Macedonia's control of sensitive items in line with international nonproliferation norms.

Malta
(\$ in thousands)

Account	FY 2004 Actual	FY 2005 Estimate	FY 2006 Request
IMET	-	-	50
INCLE	-	2,976	-
NADR-EXBS	250	100	200

Malta's location in the center of the Mediterranean allows it to play a critical role in the region. Malta acceded to the European Union in May 2004, and cooperates fully with both the United States and its European partners to promote regional security and stability. The ruling Nationalist Party fosters good relations with the United States and has been responsive to requests related to the Global War on Terrorism. Malta's economy, driven by the tourism, manufacturing and financial services sectors, is growing modestly. With nearly one third of all international maritime traffic passing by or through Malta, the country's Freeport Container Terminal serves as a transit link in the flow of goods to and from sensitive areas such as Libya, Iran and the Balkans. The Iranian state-owned shipping line made Freeport its Mediterranean hub in April 2004. Of greatest concern to the United States is the potential movement of weapons of mass destruction (WMD) and missile-systems-related items. Malta has become an active partner with the U.S. in combating terrorism and WMD proliferation and it is in the U.S. Government's interests to continue to assist Malta in strengthening its capabilities to support these efforts.

FY 2006 IMET funds will be used to professionalize Malta's officer and enlisted corps and to provide maritime interdiction training.

The U.S. Government is strengthening the Maltese Armed Forces' counternarcotics, counterterrorism, anti-trafficking and nonproliferation capabilities through assistance provided under the International Narcotics Control and Law Enforcement (INCLE) and Nonproliferation, Antiterrorism, Demining and Related Programs (NADR) accounts. Funding for counterterrorism training is also available through the U.S. Defense Department's Counterterrorism Fellowship Program on an ad hoc basis.

As part of its efforts to prevent the proliferation of WMD, their delivery systems, related technologies, and other weapons, the United States is providing Malta with NADR-funded Export Control and Related Border Security (EXBS) assistance. In FY 2006, NADR-EXBS assistance will help Malta to establish fully effective transshipment controls by strengthening its seaport enforcement operations. Training will focus on targeting and identification dual-use and WMD-related commodities, as well as cargo vessel inspection. In previous years, NADR-EXBS funds helped purchase a non-intrusive inspection device, the mobile Vehicle and Cargo Inspection System (VACIS). FY 2006 NADR-EXBS funding will provide first-responder equipment and training to help Malta respond to a WMD-related event.

Moldova
(\$ in thousands)

Account	FY 2004 Actual	FY 2005 Estimate	FY 2006 Request
FMF	990	446	500
FSA	22,543	17,350	17,000
IMET	1,225	900	900
NADR-EXBS	640	495	320
Peace Corps	2,253	2,518	2,380

Moldova, perhaps the poorest country in Europe, is further constrained from developing its economy because many of its industrial assets are under the control of the authorities of the breakaway region of Transnistria. The Transnistria problem remains a great obstacle to regional security; the U.S. has a national interest in seeing this conflict resolved in a way that protects Moldova's territorial integrity and helps ensure stability in the arc of Europe from the Balkans to Russia. The lack of responsible border controls along the Transnistria-Ukraine border also threatens U.S. interests and those of the broader region, as it provides opportunities for weapons proliferation, smuggling, transnational crime and human trafficking. In addition to promoting a resolution to the Transnistria situation, the United States has a national interest in strengthening democracy and a free-market economy in Moldova, which until recently had made significant advances in reform.

In 2003, the Government of Moldova declared that integration into the European Union (EU) was the country's strategic priority. By including Moldova in its New Neighbor Process, the EU has signaled a willingness to increase its assistance to help Moldova move closer to the EU's democratic and market-based standards. Recent elections in Moldova represented a setback compared to previous elections that generally met international standards. Moldova still needs to take bolder steps to promote democracy and human rights. Moldova has been a strong supporter of the Global War on Terrorism, Operation Enduring Freedom, and Operation Iraqi Freedom, granting the United States overflight rights and basing rights, as well as sending a troop contingent to support Coalition forces.

U.S. assistance to Moldova is designed to strengthen its territorial integrity and security; prevent the proliferation of weapons of mass destruction (WMD) and related expertise; combat transnational crime; support market-based economic reform; strengthen civil society and democracy; promote human rights; and avert humanitarian crises. In FY 2006, the United States plans to continue a range of security-related programs to improve Moldova's military capabilities and promote U.S. nonproliferation goals. In the area of law enforcement, the U.S. will seek to support Moldovan efforts to combat narcotics, trafficking in persons, money laundering and corruption, by providing training courses, equipment and legislative drafting support. FREEDOM Support Act (FSA) funds will continue to support post-privatization programs in the agricultural sector, as well as the development of independent regulatory bodies, the creation of jobs in rural areas, and the empowerment of local communities to solve their own problems. FSA-funded programs will also promote Moldova's integration into the regional political and economic structures of Southeastern Europe and Moldova's participation in the GUUAM Group, a Eurasian corridor regional organization that includes Georgia, Ukraine, Uzbekistan, Azerbaijan and Moldova.

Following its victory in the spring 2001 parliamentary and presidential elections, the Communist Party's rhetoric and actions had drawn into question Moldova's previously strong commitment to reform. However, Moldovan President Voronin's declaration in 2003 of his intention to lead Moldova towards EU integration, and the Government's subsequent adoption of a strategic document outlining the steps forward may have signaled that political and economic reform will be back on track in Moldova.

Continued support for FSA-funded post-privatization activities in the agricultural sector will remain a priority in FY 2006. Particular emphasis will be placed on assisting new landowners in developing viable associations and cooperative structures, building markets, accessing credit, and creating an efficient input supply and processing system. FSA-funded assistance will also continue to contribute to the growth and profitability of small and medium-sized enterprises (SMEs) by facilitating their access to market-based business skills, information, and finance and by supporting technological advancements focused on the agricultural sector and selling to export markets. FSA funds will also help promote foreign direct investment by leveraging private investment with public funds through the U.S. Government-funded Western NIS Enterprise Fund (WNISEF).

FSA-funded programs will promote accountability by local officials while empowering citizens and community groups through integrated micro-lending and training programs to help bolster employment and produce tangible improvements in living conditions. FSA funds will also continue to support open access to information and development of the non-governmental sector. Such assistance will strengthen civil society, local democracy, and grassroots political activism, and will serve to democratize Moldova's political system over time.

The U.S. will continue to provide targeted, FSA-funded humanitarian assistance to Moldova, including pharmaceuticals, medical supplies, vaccine supplies, food and clothing for those most in need. In addition, the U.S. will provide continued FSA-funded assistance to support health care reform, including health partnerships and activities to combat tuberculosis and promote women's reproductive health.

Organized crime threatens Moldovan prospects for economic progress and erodes the rule of law. Because of growing levels of organized crime in Moldova, the U.S. national security interest in the stabilization and reform of the East European region, the Caucasus, and neighboring countries such as Ukraine is threatened. Moldova is an active partner in both the Southeast European Cooperative Initiative (SECI) and GUUAM regional law enforcement programs. However, the capabilities of the Moldovan justice sector to investigate and prosecute organized criminal activity and corruption remain weak. In addition, Moldova is a primary source and transit country for trafficking in persons. FY 2006 FSA-funded programs will provide training, technical assistance and equipment to enhance the Moldovan justice sector's capacity to investigate and prosecute organized crime, corruption and trafficking in persons. FY 2006 FSA funding will also support the continuation of a project to raise awareness among Moldovan citizens, media, and government and law enforcement officials of the problem of trafficking in persons. FY 2006 FSA funding will support the implementation of the new criminal code enacted in 2002. In FY 2004, Moldova was identified as one of the five countries to receive funding under the President's \$50 million Anti-Trafficking in Persons Initiative. By the end of 2005, anti-trafficking programs in Moldova will have received \$5.25 million from the President's Initiative to strengthen Moldova's efforts to prevent trafficking, protect victims of trafficking, and prosecute traffickers.

FY 2006 funding under the Nonproliferation, Anti-terrorism, Demining and Related Programs (NADR) account will support activities to prevent the proliferation of WMD, conventional arms and related materials and technologies in Moldova. The NADR-funded Export Control and Related Border Security (EXBS) Assistance Program is designed to facilitate the development of an effective national export control and border security system to prevent weapons proliferation. The EXBS Program will further assist Moldova in strengthening its export licensing procedures, with a particular emphasis on industry outreach and compliance. It will also provide interdiction training, infrastructure support, and advisory assistance through a resident nonproliferation program advisor. A significant portion of this enforcement training and will be used for monitoring the secessionist region of Transnistria, with a focus on the potential transit of munitions, radiological devices, and contraband. The U.S. Embassy in Chisinau, in coordination with the

Moldovan Department of Civil Defense, also will help Moldova create and sustain a first-responder unit for WMD incidents.

Moldova's accession to the Science and Technology Center in Ukraine (STCU) Agreement was finalized early in FY 2005. The STCU is an intergovernmental organization through which the United States, European Union, and Canada help former WMD scientists transition to sustainable, non-military employment. In FY 2005, the Administration intends to gain more extensive and first-hand knowledge of former WMD research and development capabilities in Moldova and to consider funding for the first time STCU research grant proposals from Moldovan scientists; the scope of the challenge of redirecting Moldova's WMD expertise may require increased funding in FY 2006. FSA funding provided through the Civilian Research and Development Foundation (CRDF) also remains available as a means of engaging former Moldovan weapons scientists in peaceful civilian research.

Despite its budgetary limitations, Moldova is active in the Partnership for Peace (PfP) program and is committed to reforming its military along Western lines. Foreign Military Financing (FMF) assistance will continue to support efforts to deploy Moldova's peacekeeping battalion, which will help form the core of the country's reforming military. FMF will provide the peacekeeping battalion with communications equipment, and individual soldier equipment. FMF will also help Moldova procure personal equipment to develop a special forces capability and will support the placement of defense reform consultants. Moldova has engaged in an extensive Defense and Military Contacts program with the United States, expanded its participation in PfP exercises, and made effective use of the limited International Military Education and Training (IMET) funds provided to it. IMET-funded activities will focus on training peacekeepers in English language, thereby promoting interoperability. In addition, IMET will provide professional military education training and special forces training.

In FY 2006, Moldova will be eligible to receive Excess Defense Articles (EDA) on a grant basis under section 516 of the Foreign Assistance Act. Provision of grant EDA will assist Moldova in meeting its defense requirements and furthering its NATO interoperability.

Poland
(\$ in thousands)

Account	FY 2004 Actual	FY 2005 Estimate	FY 2006 Request
FMF	32,500	65,472	30,000
IMET	2,283	2,000	2,000

Poland is a key ally and partner in U.S. efforts to enhance security and promote economic prosperity in Europe. The United States has a strong interest in helping Poland improve its military capabilities and interoperability with NATO. Poland is a net contributor to the NATO collective defense effort, and serves as a model and a mentor for prospective NATO members. By sharing its experiences in successfully transitioning to a free-market democracy with neighboring countries, Poland also contributes significantly to the enhancement of political and economic stability in Eastern and Central Europe. Poland played a central role in mediating the late 2004 political crisis in Ukraine; Polish efforts helped to ensure that Ukraine's presidential election was free and fair and to avoid an escalation of the country's political conflict, which could have had disastrous consequences for regional stability.

Poland is a graduate of Support for East European Democracy (SEED) assistance, demonstrating that it can sustain its transition to a free-market economy and democratic institutions without significant economic assistance from the United States.

Poland is a willing and able ally that contributes significantly to United Nations and NATO peacekeeping missions, as well as Operation Enduring Freedom (OEF). Poland has taken a strong leadership role in Iraq, commanding a multinational division and committing substantial forces to Operation Iraqi Freedom (OIF). The Polish Government recognizes the need to further improve the country's military capabilities and continues to increase defense spending in real terms, despite constrained budget resources and growing demands for increased social spending. Poland coordinates its military modernization and restructuring closely with NATO to ensure that its efforts mesh with Alliance goals.

The Poles have embarked upon a serious multi-year military modernization, focusing limited resources on ensuring that the one-third of their forces designated for NATO missions are fully interoperable with NATO by 2006.

Foreign Military Financing (FMF) and International Military Education and Training (IMET) programs are an important way for the United States to show support for these efforts and directly contribute to their success. FMF is particularly important, as it focuses on increasing Poland's support capability to deploy or receive forces, participate in coalition efforts, and accomplish a comprehensive plan for military modernization and reform.

FY 2006 FMF will focus on advancing professionalism, modernization and NATO-interoperability for Poland's military forces. FMF support is expected to include unmanned aerial vehicles (UAVs); support and sustainment of C-130 aircraft; sustainment of nuclear, biological and chemical (NBC) defensive capabilities; command, control, communications, computers and intelligence (C4I) sustainment; upgrades of airfields and navigational aids; a simulation center; follow-on technical support for two Excess Defense Articles (EDA)-granted frigates and four SH-2G helicopters; training in acquisition management; upgrades for an integrated logistics support system; noncommissioned officer (NCO) development, and sustainment of high-mobility multipurpose wheeled vehicles (HMMWVs or Humvees).

In FY 2006, Poland will once again be eligible to receive EDA grants under section 516 of the Foreign Assistance Act. EDA transfers will assist Poland in meeting defense requirements, enacting defense reforms, and furthering its NATO and Western interoperability.

Given the significant progress that Poland has made towards establishing an effective export control system, no Export Control and Related Border Security (EXBS) assistance funding is being requested specifically for Poland in FY 2006 under the Nonproliferation, Anti-terrorism, Demining and Related Programs (NADR) account. However, Polish participation in regional export control events will be funded with regional NADR-EXBS funds, and EXBS program advisors stationed regionally will continue to work with Polish officials to implement programs with previously allocated NADR-EXBS funds and continue engagement on an ad hoc basis.

Portugal
(\$ in thousands)

Account	FY 2004 Actual	FY 2005 Estimate	FY 2006 Request
IMET	752	850	600

Portugal's continued participation in both NATO and other international peacekeeping operations directly benefits U.S. security goals. The United States also seeks to maintain Portugal's strong cooperation at Portugal's Lajes Air Base in the Azores and support within the European Union (EU) for U.S. positions on such issues as European Security Defense Program (ESDP)-NATO compatibility.

Portugal is a founding member of NATO and a member of the EU. Portugal continues to maintain strong transatlantic ties and pursue close military cooperation with the United States. The 1995 Agreement on Cooperation and Defense provides U.S. forces continued access to Lajes Air Base, which served as a staging point for the United States during NATO's military operations in Kosovo and Operations Desert Storm and Desert Fox. Lajes Air Base is currently supporting ongoing U.S. operations in Afghanistan and Iraq. Portugal also contributes troops to the Kosovo Force (KFOR), has contributed assets to the International Security Assistance Force (ISAF) in Afghanistan, works closely with the United States on United Nations security issues, and has over 120 paramilitary police in Iraq performing security functions with the Coalition forces.

International Military Education and Training (IMET) continues to be an essential component of Portugal's military force modernization program, its internal reorganization of service and joint headquarters staffing, as well as the overall professional military education of the elite of Portugal's Armed Forces. FY 2006 IMET funding will continue to be a significant asset in this modernization effort, and will strengthen Portugal's ability to play an active role in collective defense organization and international peacekeeping efforts, e.g., in Iraq, Afghanistan, Bosnia, Kosovo and Africa. U.S. assistance is also directed towards enhancing Portugal's Atlanticist orientation by building ties with future military leaders and reinforcing Portugal's existing preference for U.S.-manufactured defense equipment.

IMET bolsters this strategy by establishing close bilateral relationships between the U.S. and Portuguese militaries. The majority of IMET funds requested for FY 2006 will be used to fund management courses, in order to sustain productivity and professionalism, and train-the-trainer courses, to help maintain existing English language laboratories by supplying spare parts and instruction materials, and to assist with post-graduate courses. In addition, IMET will fund professional and operations-related courses to emphasize command and control, readiness, sustainability and deployability. IMET will also provide informal technical training with an emphasis on joint and combined operations.

In FY 2006, Portugal will once again be eligible to receive grant Excess Defense Articles (EDA) under section 516 of the Foreign Assistance Act. EDA will be used to support Portugal's force readiness efforts and enable the country to participate in international peacekeeping. At the end of 2004, Congress passed legislation to permit the transfer of two Perry-class frigates to Portugal. The President authorized the transfer, and in early 2005, the U.S. Government was in the final stages of releasing the frigates.

Romania
(\$ in thousands)

Account	FY 2004 Actual	FY 2005 Estimate	FY 2006 Request
FMF	8,950	10,912	29,000
IMET	1,529	1,500	1,500
NADR-EXBS	715	750	-
Peace Corps	3,141	2,931	2,940
SEED	27,835	27,000	20,000

With its strategic location and status as the largest, most populous country in its region, Romania is contributing to stability in Southeast Europe and beyond. It joined NATO in 2004 and has actively supported the United States and NATO through substantial participation in the Allied military presence in Bosnia and Kosovo, Iraq and Afghanistan. The European Union's (EU) granting of "functioning market economy status" to Romania in late 2004 represented a significant step forward in Romania's path to EU accession in 2007. The country's newly-elected president, who won through relatively free elections, welcomes full integration into the West. Despite the positive developments in Romania's economic growth and democratization, the country's reforms are not yet fully consolidated. U.S. assistance to Romania plays a key role in supporting market-based reforms, promoting participatory democracy, strengthening civil society, and relieving human suffering. It also helps Romania to strengthen its anti-corruption activities across all sectors -- an important goal.

In FY 2006, Support for East European Democracy (SEED) assistance will help Romania improve its agricultural and trade competitiveness, increase trade and foreign investment through an improved business climate, and liberalize its energy sector. SEED-funded training and technical assistance will target the financial sector, providing advisors to the Central Bank and the Ministry of Finance to improve the budget process. SEED-funded democracy programs will provide training programs to increase the capacities and sustainability of local government units, civil society organizations and independent media. The rule of law will also be strengthened through programs that combat corruption, money laundering, and human trafficking and that strengthen border controls. Training of prosecutors, judges, local police forces and civil society organizations will help to create an effective law enforcement environment.

SEED funds will also help advance child welfare and women's health care, areas where Romania still is seriously behind. FY 2006 activities will seek to reduce the number of institutionalized children, promote community-based care alternatives for such children, integrate reproductive health services into primary care, and promote modern contraception and HIV/AIDS prevention.

The Bucharest-based Southeastern Europe Cooperative Initiative (SECI) Anti-Crime Center, which coordinates regional criminal task forces working to combat trafficking in persons (TIP), smuggling, and the drug trade, will continue to receive SEED funding in FY 2006. With financial and other support from the Romanian Government, the SECI Anti-Crime Center has achieved a number of successes in the fight against transborder crime. In FY 2006, other anti-TIP programs in Romania also will be supported by SEED funds.

With the largest armed forces among the countries that joined NATO in 2004, Romania is militarily significant in the region. It has provided troops to support U.S. and NATO objectives in Southeast Europe, Afghanistan and Iraq. Through the Foreign Military Financing (FMF) and International Military Education and Training (IMET), the United States is providing the Romanian military with needed defense articles, services, and training. FY 2006 FMF funding will address the following objectives:

- Defense reform and modernization, including noncommissioned officer development and professional military education;
- Promotion of defense reform through the procurement of simulation equipment, a multiple integrated laser engagement system (MILES), and digital mapping to modernize training;
- Increased interoperability with U.S., NATO and Coalition forces, including upgrading of the NATO Integrated Extended Air Defense System, tactical communication, secure data management, navigational aids, and night vision goggles;
- Procuring special operations equipment for coalition support;
- Providing aircraft acquisition and maintenance, including support for C-130s and fighters; and
- Upgrading Romania's national command infrastructure equipment, including command, control, communications, computers and intelligence (C4I) equipment to develop the country's surveillance capabilities on the Black Sea.

The Romanian Government seeks the inclusion of as many officers as possible in U.S. military training. In FY 2006, the IMET program will support professional military education, special operations training as combat divers and rangers, English language training, and mobile training team development.

In FY 2006, Romania will once again be eligible to receive grant Excess Defense Articles (EDA) under section 516 of the Foreign Assistance Act. The transfer of materiel to Romania under grant EDA will help it meet its defense requirements, institute defense reforms, and further implement NATO interoperability.

Romania and the United States are cooperating closely on improving Romania's export controls. As part of its efforts to prevent the proliferation of weapons of mass destruction, their delivery systems, related technologies, and other weapons, the U.S. Government is providing Nonproliferation, Anti-terrorism, Demining and Related Programs (NADR)-funded Export Control and Related Border Security (EXBS) assistance in the form of a cooperative program to establish an effective export control system in Romania. FY 2006 NADR-EXBS regional funding will be provided to Romania on an ad hoc basis, with an emphasis on improving licensing, enforcement, and industry outreach capabilities coordinated through regional EXBS nonproliferation advisors.

Russia
(\$ in thousands)

Account	FY 2004 Actual	FY 2005 Estimate	FY 2006 Request
CSH	3,000	3,000	3,000
FSA	96,350	85,000	48,000
IMET	778	800	750
NADR-EXBS	1,800	2,800	1,000
P.L. 480 Title II	5,121	-	-

Cooperation with Russia plays a key role in the advancement of key U.S. national security interests, including nonproliferation and counter-terrorism. Through arms control, threat reduction efforts, and nonproliferation activities, the United States is working with Russia to reduce threats posed by weapons of mass destruction (WMD). Russia has also been a strong supporter in the Global War On Terrorism, offering key political support, granting the U.S. overflight rights and sharing intelligence. Given Russia's strategic importance, the United States has a compelling national interest in seeing Russia complete a successful transition to a market-based democracy. The United States advances this interest by supporting civil society, the independent media, entrepreneurs, and local governments in their efforts to implement democratic and economic reform. FREEDOM Support Act (FSA)-funded programs support Russia's transformation into a market-based democracy fully integrated into the mainstream of world political and economic relations.

In 2003, the Administration developed a strategy to phase out FSA-funded assistance to Russia over the next several years. Consistent with this strategy, FSA funding for economic sector programs will be phased out at the end of FY 2006. FSA assistance in FY 2006 will emphasize support to Russian organizations and institutions to ensure that the gains made through FSA-funded programs are integrated into Russian society and governmental structures well beyond the phase-out of U.S. assistance.

Several developments in 2004 called into question the commitment of Russia's leadership to building genuine democratic institutions. These developments included the increasing control exercised by the Russian Government over the media, especially national television, pressure on civil society organizations and private philanthropists, human rights abuses and political pressure in Chechnya, criminal prosecutions possibly based on political motivations, and the decision to eliminate elections of regional governors. In FY 2006, FSA-funded programs will focus on strengthening civil society and democratic institutions as a necessary check on the power of the central government. This will include improving the effectiveness of human rights groups and the legal profession, expanding political participation by youth, and advancing the national capacity of civil society networks to advocate effectively for their agendas.

FSA-funded programs will continue to support the partnerships already in place with civil society groups and reform-minded Russian officials in the Russian Far East and other regions under the aegis of the U.S. Government's Regional Initiative. In FY 2006, we will emphasize dissemination of the Regional Initiative experience to other regions.

FSA-funded assistance has contributed to important legislative reforms that have improved the business environment, particularly in the areas of tax and regulatory reform, often through support for the work of think tanks and provision of technical assistance to inform key policy decisions. An interagency review in 2004 concluded that by FY 2006, economic reform in Russia would have improved sufficiently to allow for a phase-out of assistance in the economic sector. Although Russia's investment policies need significant improvement, opportunities already exist in the vast Russian market for U.S. exporters and investors.

Accordingly, FY 2006 FSA assistance will focus on consolidating the gains achieved to date, as well as continuing to support the development of small and medium-sized enterprises (SMEs).

Russia's growing problems in the field of public health are hurting the country's prospects for stability and prosperity and are therefore a U.S. national security concern. Russia has one of the fastest-rising rates of increase in HIV infection in the world. FY 2006 FSA- and Child Survival and Health Programs (CSH)-funded programs will focus on prevention and treatment of HIV/AIDS in Russia and support partnerships between U.S. and Russian medical professionals to combat HIV/AIDS around the world. U.S. programs to combat the spread of HIV/AIDS will help prevent mother-to-child transmission of HIV/AIDS in particular, and will also help combat the spread of multi-drug-resistant strains of tuberculosis.

The United States provides assistance through programs of the Departments of State, Defense and Energy to prevent the proliferation of WMD, related materials, technologies and expertise. In FY 2006, the U.S. will continue to provide nonproliferation assistance under the FSA and Nonproliferation, Anti-terrorism, Demining and Related Programs (NADR) accounts. The State Department will continue to use NADR Nonproliferation of WMD Expertise funds to support research grants in nuclear materials, aerospace, chemical, biological, seismic and other fields through the International Science and Technology Center (ISTC) in Moscow to help former weapons scientists transition to sustainable commercial activities. Key emphases of the Science Centers Program include shared research priorities (notably infectious human and animal diseases like HIV/AIDS) and business training to help institutes better serve governmental and private consumers. The State Department will also continue its targeted effort to engage former Soviet biological and chemical weapons scientists through the NADR-funded Bio-Chem Redirect Program, which supports the involvement of the Department of Health and Human Services, Department of Agriculture, and the Environmental Protection Agency in redirection efforts. In addition, the State Department will continue its Bio-Industry Initiative, which was established in FY 2002 with a unique mandate to reconfigure Soviet-era biological weapons production facilities for civilian use, and support accelerated drug and vaccine development to combat bioterrorism. The U.S. Civilian Research and Development Foundation (CRDF) will continue to leverage FSA-funded grant assistance with Russian Government and international non-governmental matching funds.

With funding from the FSA and NADR accounts, the United States will continue to provide assistance to enhance Russian controls on transfers of sensitive materials and technologies for industry/government outreach programs to educate Russian companies about the requirements of Russian export control laws. The United States will also continue to equip key transit points with radiation detection equipment to deter, detect and interdict illicit nuclear transfers. An Export Control and Related Border Security (EXBS) Assistance Program advisor will help facilitate security assistance to Russia. The EXBS Program will continue to sponsor joint regional training programs on border searches, WMD and immigration procedures as related to curbing proliferation, counter-proliferation awareness courses, and international border interdiction training for border security officials.

Even though International Military Education and Training (IMET) will be the only form of U.S. military assistance provided to Russia in FY 2006, Russia remains a priority country for the United States in the area of military cooperation. IMET English language training and professional education is directly supportive of U.S. interests and the President's goals as outlined in the Camp David Checklist and in the Defense Department's Security Cooperation Guidance.

FY 2006 IMET funds will be used to provide language training to Russian military officers and to enable them to attend and one year of professional military education at staff and war colleges. In addition, IMET would provide Enhanced IMET (E-IMET) courses and mobile training teams for seminars on civilian control of the military, military justice, civil-military relations, and crisis management. IMET funds would also support English language training, which will facilitate our efforts to communicate with Russian forces

and will improve their interoperability. In FY 2006, Russia will once again be eligible to receive grant Excess Defense Articles (EDA) under section 516 of the Foreign Assistance Act. Transfers of grant EDA will assist Russia in meeting its defense requirements, enacting defense reforms and furthering interoperability.

Russian and Russian-speaking organized crime groups operate alone and in concert with other transnational crime groups across Russia, Eurasia, Europe, the United States and elsewhere. Russian authorities recognize the threat to their society and economy presented by such organized crime, and they have turned to the U.S. and other Western partners for assistance in addressing that threat. Russian officials are also increasingly aware of the specific challenges posed by the growing narcotics trafficking out of Afghanistan, which crosses both Central Asia and Russia. This trafficking contributes to growing drug addiction and HIV/AIDS infection rates in Russia and provides a means of financing terrorist activities. Russia has recently partnered with the United States in an eight-country multilateral anti-narcotics effort, headquartered in Tashkent, to collect and analyze heroin trafficking patterns in an effort to implement a regional strategy. In FY 2006, FSA-funded programs will continue to address criminal procedure reforms, criminal violation of intellectual property rights, corruption, cyber-crime, trafficking in persons, money laundering and terrorist financing, narcotics smuggling and other transnational criminal activities, and implementation of the U.S.-Russia Mutual Legal Assistance Treaty.

Serbia and Montenegro

(\$ in thousands)

Account	FY 2004 Actual	FY 2005 Estimate	FY 2006 Request
IMET	-	50	50
NADR-EXBS	750	735	1,290
NADR-SALW	-	800	800
SEED	133,803	93,600	75,000

Serbia and Montenegro (SaM) is a linchpin in the Balkans. The United States continues to have a compelling national interest in securing the sustainable political and economic stability of SaM. This includes the establishment of a secure, democratic governing framework in which political, social and economic rights are respected and conflict is channeled and resolved through legal structures. If the citizens of Serbia do not receive sustainable economic, as well as political, benefits from the break with the country's authoritarian past, a growing number of them will be susceptible to calls for rejecting a transparent and inclusive democratic system or supporting nationalistic calls that inflame ethnic, religious and cultural differences. Democratic political institutions in Serbia and Montenegro remain fragile, and U.S. assistance is targeted to strengthen these fledgling institutions. The FY 2006 Support for East European Democracy (SEED) assistance request is based on two main pillars: economic development/job creation, and rule of law. Major work remains to be done on domestic war crimes trial capacity, rule of law, privatization, job creation and economic growth, and building local democracy, all of which are key to making Serbia a positive regional player. The SaM Government has worked closely with the United States to halt arms transfers and military assistance by SaM entities to states of concern, including Iraq. The SaM Government continues to work with the U.S. in implementing a modern and transparent export control system and is also cooperating in the destruction of excess small arms and light weapons (SA/LW), including man-portable air defense systems (MANPADS). SaM has also cooperated on implementing financial sanctions against terrorist groups, including establishing an anti-terrorism task force and a financial intelligence unit. The United States seeks to accelerate SaM's Euro-Atlantic integration in order to promote regional stability in the Balkans, thus hastening the day when U.S. and NATO forces can be withdrawn from the region.

SEED assistance to SaM supports democratic transition, civil society, democratic institutions and economic reforms, and legal and criminal justice sector reform. The USG funds approximately 14 percent of the costs of the Organization for Security and Cooperation in Europe (OSCE) mission to Serbia and Montenegro. SEED assistance has helped the SaM Government implement and build popular support for difficult political and economic reforms. SEED funding has provided critical economic and humanitarian assistance, especially in areas subject to ethnic tensions and instability. Programs specifically targeting southern Serbia and the Presevo Valley helped to stabilize the area along the administrative boundary line with Kosovo. SEED programs and the contacts developed in the course of those programs aided in avoiding spillover into southern Serbia of inter-ethnic violence in Kosovo in March 2004. Over the past year, the U.S. accelerated its support for the SaM Government's efforts to prosecute domestically war criminals and organized crime figures.

FY 2006 SEED funds will be used to promote the reform processes under way in SaM. Government leaders at the state union, republic and local levels understand the importance of strengthening democratic institutions and making progress on critical economic and legal reforms. SEED-funded programs will seek to strengthen democracy and civil society, including local government and community development, media, non-governmental organizations, political parties, and rule of law issues, including judicial reform. A SEED-funded community development program will expand to include crucial job creation efforts, which

should help the population see tangible benefits from the reform process, thus building support for SaM's difficult transition to a market-based democracy.

The United States will continue to provide SEED-funded technical assistance for economic restructuring and reform, including in the areas of fiscal, budget and banking reform. Efforts will focus on boosting private-sector development, especially small business. SEED assistance is designed to accelerate the growth of private enterprise by creating a competitive and efficient free-market economy through stabilization, restructuring and integration into regional and world markets. Stabilization efforts are focused principally on the banking and financial systems and on the fiscal regime, while restructuring involves the transfer of state-owned assets to the private sector and the reform of the institutions and the legislative, regulatory and judicial frameworks necessary to ensure effective markets.

Foreign Operations-funded assistance to the central SaM Government is conditioned on its cooperation with the International Criminal Tribunal for the Former Yugoslavia (ICTY). The corresponding, legislatively mandated certification requirement is a key policy instrument with which the United States can encourage the SaM Government's full cooperation with the ICTY and resolution of outstanding war crimes issues. SEED funds are being used to enhance SaM's capacity to investigate, prosecute, and try war crimes and organized crime cases, and have helped fund the establishment of special domestic courts to deal with these cases. A key aim of these efforts is to enhance the ability of the Serbian authorities to pursue war crime cases not adjudicated by the ICTY. SaM's cooperation with the ICTY and arrest of publicly indicted war criminals continue to be top U.S. priorities. Other U.S. anti-crime efforts target criminal justice reform, corruption and trafficking in persons.

In an effort to build on the SaM Government's recent cooperation with the investigation into past and present SaM weapons exports to states of concern and passage of a new export control law consistent with international standards, the United States is expanding its export control and enforcement activities with SaM. Nonproliferation, Anti-Terrorism, Demining and Related Programs (NADR)-funded Export Control and Related Border Security (EXBS) assistance will support an accelerated program to help establish an effective export control system in SaM, with an emphasis on developing implementing regulations, industry outreach seminars and weapons-of-mass-destruction (WMD) inspection training and equipment for Customs Service enforcement agents.

NADR-EXBS funds will also provide for non-intrusive detection equipment to be deployed in Montenegro. The EXBS program is part of the U.S. effort to prevent the proliferation of WMD, their delivery systems, related technologies, and other weapons. In addition, FY 2006 NADR funds will also support an EXBS program advisor stationed at Embassy Belgrade, who will work with host-country officials to coordinate and implement EXBS assistance in Serbia and Montenegro and Bosnia and Herzegovina. FY 2006 NADR funding is also being directed to continue threat reduction activities that are effectively eliminating excess SA/LW (including MANPADS) while improving the physical security of national stockpiles. Matching regional funds from the NADR International Trust Fund (ITF) are channeled through the ITF to provide support for humanitarian demining in SaM.

The United States is in the process of broadening and deepening strong bilateral military relations with SaM. In May 2003, a Presidential Directive authorized the establishment of an International Military Education and Training (IMET) program with SaM. In FY 2006, IMET funds will be used to support professional military education and exchanges, as well as English language training.

Slovakia
(\$ in thousands)

Account	FY 2004 Actual	FY 2005 Estimate	FY 2006 Request
FMF	6,603	4,960	5,000
IMET	1,075	950	950
NADR-EXBS	305	550	300

The past year has brought profound changes for Slovakia. Slovakia acceded to NATO membership in March 2004 and to full European Union (EU) membership in May 2004. Even prior to these momentous events, the Slovaks acted as an ally of NATO and the United States, contributing units to the Kosovo Force (KFOR), the Stabilization Force in Bosnia and Herzegovina (SFOR), and Operation Enduring Freedom (OEF), as well as a military engineering unit in Operation Iraqi Freedom (OIF). The United States has a strong interest in helping Slovakia improve its military capabilities and NATO interoperability and encourages Slovakia's initiatives to share its successes in democracy building and development of civil society with other countries in transition. In recognition of its continued progress in transition, Slovakia has graduated from the Support for East European Democracy (SEED) assistance program, and modest regional SEED funding for Slovakia was discontinued in FY 2004.

The Slovaks have embarked upon a serious multi-year military modernization plan, which was broadly influenced by recommendations from a U.S.-funded defense study. FY 2006 Foreign Military Financing (FMF) and International Military Education and Training (IMET) will assist Slovakia in its effort to create a modern, capable force that can ensure national defense, contribute to NATO operations, and enhance regional stability. Slovakia's importance to NATO was shown during the Kosovo and Afghanistan conflicts, when the Slovak Government immediately granted crucial overflight and transit rights. In addition, Slovakia deployed 100 troops to KFOR and two transport helicopters to SFOR. The contribution of military engineering units to OIF and OEF further demonstrates the Slovak Government's commitment to support both NATO goals and U.S. efforts in the Global War on Terrorism (GWOT).

FMF and IMET programs are a crucial way for the United States to show support for Slovakia's efforts and directly contribute to their success. The FY 2006 FMF and IMET requests will fund a variety of programs focusing on defense reform and development of Slovakia's niche capabilities, thereby helping the Slovaks to meet their goal of force modernization, ensuring their NATO interoperability, and enabling continued Slovak assistance in the GWOT. Specific FMF projects will include: nuclear, biological, and chemical (NBC) consequence-management capability; search and rescue capability (including night-vision equipment); communications equipment; in-country English language training; defense reform consultants; and instrumentation for a national maneuver training area. IMET assistance will focus on officer and NCO training, the reorganization of the officer corps along Western lines through professional military education courses, English language training, technical training, and the development of mobile training teams to train large numbers of military and defense personnel.

In FY 2006, Slovakia will once again be eligible to receive grant Excess Defense Articles (EDA) under section 516 of the Foreign Assistance Act. The transfer of EDA will assist Slovakia in meeting its defense requirements and furthering its interoperability.

As part of its efforts to prevent the proliferation of weapons of mass destruction, their delivery systems, and other weapons, the United States is providing Nonproliferation, Anti-terrorism, Mining and Related Projects (NADR)-funded Export Control and Related Border Security (EXBS) assistance to help Slovakia strengthen its export control system. This is particularly important as Slovakia is part of the EU's eastern

Schengen border with Ukraine. FY 2006 NADR-EXBS funds will support the provision of enforcement equipment, including radiation detection devices, along with overland, air, and rail investigative training.

Slovenia
(\$ in thousands)

Account	FY 2004 Actual	FY 2005 Estimate	FY 2006 Request
FMF	1,974	1,488	1,000
IMET	950	950	900
NADR-EXBS	365	495	50

Slovenia became a member of the European Union and NATO in 2004. Serving as a bridge between East and West, Slovenia plays a central role in exporting peace and stability to southeast Europe. As a peaceful, middle-income democracy, Slovenia is a stabilizing factor in a crisis-ridden area, especially given its cultural, historical, social and political ties with the states that constituted the former Yugoslavia. Slovenia provided 180 troops to the NATO-led Stabilization Force in Bosnia and Herzegovina (SFOR) and contributes 35 troops to the Kosovo Force (KFOR). Slovenia is a leading investor in the Balkans and plays an important role in regional demining efforts. Slovenia has also promoted security in Central Asia and the Middle East by providing 20 troops (currently on second deployment) to the International Security Force (ISAF) in Afghanistan and reconstruction assistance to Iraq, including police trainers and psycho-social assistance to children affected by the conflict.

Slovenia models its armed forces on those of the United States and other NATO Allies. Although Slovenia's sound economic situation has enabled it to fund a large portion of its defense reform needs, U.S. assistance continues to play a critical role, helping Slovenia to modernize and reform its military and to assist it in implementing its NATO Membership Action Plan goals. FY 2006 Foreign Military Financing (FMF) will address the following top priorities: upgrades to the airfield at Cerklje Airbase; the procurement of a multiple integrated laser engagement system (MILES); instructors for an English language center; and the provision of command, control, communications, computers and intelligence (C4I) and data management equipment. FMF assistance will support greater interoperability between NATO and Slovenian forces, as well as critical reform of Slovenia's military command structures. FMF assistance may also be used to support programs such as defense reform and continued implementation of Partnership and Individual Country Action Plan goals. This may include communications equipment, air defense radar, English language training and equipment for their simulation center.

In FY 2006, Slovenia will once again be eligible to receive Excess Defense Articles (EDA) on a grant basis under section 516 of the Foreign Assistance Act. Transfer of grant EDA to Slovenia will assist Slovenia in meeting its defense requirements and further its NATO interoperability.

FY 2006 International Military Education and Training (IMET) will help Slovenia to continue its integration into NATO structures and to serve as a long-term guarantor of peace and stability through expanded English-language training as well as training in rule of law, civil-military control and human rights. IMET courses have strengthened the professionalism and leadership skills of Slovenia's military and civilian personnel and have helped improve the technical and managerial skills of the Ministry of Defense. FY 2006 IMET will target non-commissioned officer (NCO) development, English language training, officer corps training, Ministry of Defense civilian development, and provide courses in combating terrorism through mobile training teams.

As part of its efforts to prevent the proliferation of weapons of mass destruction, their delivery systems, related technologies, and other weapons, the United States is providing Nonproliferation, Anti-Terrorism, Demining, and Related Programs (NADR)-funded Export Control and Related Border Security (EXBS) assistance in the form of a cooperative program to help Slovenia establish fully effective export controls

over sensitive items. FY 2006 NADR-EXBS funding will focus on improving export licensing and industry outreach capabilities through regional EXBS nonproliferation advisors.

Tajikistan
(\$ in thousands)

Account	FY 2004 Actual	FY 2005 Estimate	FY 2006 Request
FMF	1,995	496	500
FSA	24,451	27,000	25,000
IMET	351	350	350
NADR-EXBS	300	300	600
NADR-SALW	-	-	300
P.L. 480 Title II	7,009	15,458	10,374

Tajikistan shares a porous border with Afghanistan that gives it special importance in the region in terms of interdicting terrorists and illegal narcotics. This small nation faces daunting challenges: its democratic institutions are underdeveloped and fragile, and its economy remains crippled from the effects of its 1992-97 civil war. Tajikistan has supported the Global War on Terrorism (GWOT), Operation Enduring Freedom (OEF) and Operation Iraqi Freedom (OIF) unreservedly from the beginning, and continues to do so.

U.S. assistance seeks to enhance Tajikistan's territorial integrity and security, prevent the flow of narcotics, illicit weapons, and persons of concern, foster democratic and economic reforms and address dire humanitarian needs. A stable, peaceful Tajikistan, secure within its own borders, will help prevent the spread of radical groups and terrorists, and increase the potential for development in the region.

FREEDOM Support Act (FSA)-funded health assistance includes a quality primary health care program that is working with the Ministry of Health to create a more cost-effective and equitable health care system. Other health programs include drug awareness and prevention, reproductive and maternal/child health, and small grants to non-governmental organizations (NGOs) active in the area of health. The effort to institute a family doctor system based on a successful Kyrgyz Republic model will continue in FY 2006. Infectious disease programs will continue to focus on fighting tuberculosis, malaria, and HIV/AIDS.

FSA-funded economic development programs combine support for small and medium-sized enterprises (SMEs), business education, microfinance, with support for policy reform efforts, including accession to the World Trade Organization (WTO), fiscal and banking reform, judicial and commercial law reform, and updating the country's land tenure legislation. Assistance to SMEs will seek to alleviate poverty through expanded business opportunities and employment creation, with a continuing focus on the volatile Ferghana Valley region. In this heavily agricultural country, FSA-funded technical assistance will also help specialists to better manage water and energy resources and to repair irrigation systems and improve farms' water management practices.

FSA-funded democracy assistance will continue to support the development of civil society in Tajikistan by assisting a network of NGO support centers and community associations and through direct grants to NGOs. Democracy programs will also promote civic education in high schools, increase access to information via independent media, work with the parliament to increase its effectiveness and responsiveness to citizen interests, and support legal education and associations. Nonpartisan political party development efforts will continue, with a focus on the 2006 presidential elections; FSA funding will also support training for poll workers, voter education initiatives, grants to civil society groups to conduct get-out-the-vote campaigns, and training for journalists, with the aim of encouraging a free and fair electoral process.

An FSA-funded basic education program will continue to help counteract the decline in primary and secondary education, and better equip students with civic and labor-force skills. The program will train teachers in more interactive teaching methods, focused on integrating critical thinking skills into curricula and teaching materials. Other program goals include increasing parent and community involvement in schools, strengthening the capacity of school administrators, and improving school infrastructure.

Trafficking in persons is a serious problem in Tajikistan. Through public service announcements, brochures, talk shows, radio call-in programs, and a mobile theater group, a prevention program will inform the public about the risks and dangers associated with trafficking in persons. FSA funds will continue to support prosecution of traffickers, in cooperation with the Ministry of Internal Affairs. FSA-funded efforts to protect victims of trafficking will continue, through support for victim repatriation and vocational training programs.

Tajikistan has committed to cooperate with the United States on countering terrorism, the proliferation of weapons of mass destruction (WMD), weapons technology and other illicit arms and drug trafficking. In light of the 2005 Russian Border Guard's withdrawal from the Tajik-Afghan border, and the lack of any government guards on the Afghan side of the border, in FY 2006, the United States intends to increase funding for the Export Control and Related Border Security (EXBS) Assistance Program funded through the FSA and Nonproliferation, Anti-terrorism, Demining, and Related Programs (NADR) accounts. The EXBS Program will continue to improve Tajikistan's export control system to detect, deter, and interdict WMD and other destabilizing technology. The EXBS Program will address specific challenges posed by the withdrawal of the Russian Border Guard, through training and equipment to establish security and stop proliferation at the borders. Technical workshops on export control enforcement and WMD awareness training will give the Tajikistani Border Guard and Customs Service a critical knowledge base for dealing with proliferation issues. FY 2006 NADR Small Arms/Light Weapons Destruction (SA/LW) funds will help stop weapons proliferation through the funding of physical security upgrades at weapons storage sites and destruction of excess SA/LW. NADR regional Nonproliferation of WMD Expertise funds provided through the Science Centers Program and the Bio/Chem Redirect Program will extend efforts to redirect Tajikistani scientists with WMD-relevant expertise into peaceful, economically sustainable work. U.S.-funded research is engaging Tajikistani scientists in fields of human and animal disease research, remediation of environmental damage including radioactivity, and Central Asia-wide seismic monitoring.

Tajikistan supports U.S. security interests and objectives. Tajikistan permitted U.S. and coalition forces to land and refuel in its territory while conducting operations in Afghanistan. It has also expressed support for the Proliferation Security Initiative (PSI). However, Tajikistan remains the poorest and least well equipped military of the former Soviet Union. Tajikistan requires substantial assistance for military reform in all areas.

FY 2006 Foreign Military Financing (FMF) will be used to equip and train the Tajikistani Army with uniforms, night-vision devices and communications equipment. Additional areas of focus for FMF assistance will include medical equipment for Tajikistani forces and maintenance systems to account for and track U.S.-supplied equipment of all kinds. In FY 2006, Tajikistan will once again be eligible to receive Excess Defense Articles (EDA) on a grant basis under section 516 of the Foreign Assistance Act. Transfers of EDA will assist Tajikistan to meet its defense requirements and further its NATO interoperability.

FY 2006 International Military Education and Training (IMET) funds will be used to professionalize and Westernize Tajikistan's Armed Forces and improve Tajikistan's capability to support GWOT objectives. IMET classes planned for FY 2006 include basic/advanced officer education courses, specialized combat training, and English language training. The combat training is required to enable Tajikistan to secure its mountainous borders and remote regions against narco-traffickers and terrorist infiltrators, and will be

provided in direct support of U.S. interest and force protection for U.S. forces operating in Uzbekistan and Afghanistan.

FSA-funded law enforcement and judicial reform efforts will continue to focus on institution-building, particularly with regard to efforts to enhance the Tajikistani Government's ability to interdict the flow of illegal narcotics out of neighboring Afghanistan. FSA funds will support the continued operation of the Tajik Government's Drug Control Agency (DCA), the provision of training and equipment for Tajik Border Guards to carry out counter-narcotics efforts, programs to address financial crime and to support the overall development of the country's law enforcement and judicial institutions.

FY 2006 FSA funding will continue to support the posting of a U.S. law enforcement advisor at the U.S. Embassy in Dushanbe to better oversee U.S. law enforcement programs in Tajikistan. U.S. law enforcement assistance will increase in FY 2006 to ensure continued support for the new Tajikistani DCA, to support counter-narcotics cooperation between such Tajikistani law enforcement agencies and the U.S. Drug Enforcement Administration, to expand law enforcement development programs to improve the very poor state of Tajikistani law enforcement agencies equipment, training and practices, to continue border security improvements, to continue reform activities involving the judicial sector and the prosecutor's office, and to address terrorist financing and money laundering.

Continuing in FY 2006, FSA-funded humanitarian programs will provide critical medical and emergency help to impoverished persons in underserved and remote areas of Tajikistan. U.S. NGOs working with the U.S. Government in partnership with the Government of Tajikistan and local Tajik NGOs will administer basic medical services and provide essential medicines, clothing and food to children, the elderly and other vulnerable populations. This assistance is integral to alleviating poverty and preventing widespread health problems and suffering in populations beyond the reach of the limited social welfare programs implemented by local governments.

Turkey
(\$ in thousands)

Account	FY 2004 Actual	FY 2005 Estimate	FY 2006 Request
ESF	10,000	-	10,000
FMF	35,000	33,728	25,000
IMET	5,000	4,000	3,000
NADR-EXBS	600	600	750

Turkey is a major coalition partner in the Global War on Terrorism (GWOT), an active ally and partner in the reconstruction of Iraq and Afghanistan, and a pro-Western democracy in a troubled region. Strategically located between Europe and the Greater Middle East, Turkey is a key NATO ally and continues to demonstrate strong support for Operation Enduring Freedom (OEF), the International Security Assistance Force (ISAF) in Afghanistan, and Operation Iraqi Freedom. In February 2005, Turkey will assume the command of ISAF for a second time. Turkey continues to allow critical U.S. humanitarian shipments to pass to Iraq and is also supplying Iraq with much-needed electricity. In addition, Turkey has granted the United States overflight rights and use of its key airbase, Incirlik. U.S. bases and other facilities on Turkish territory are important elements in the ability of the United States to maintain the security of the region and of its allies.

Turkey's major support for these U.S. and Allied efforts comes despite a fragile economy, tight fiscal restrictions and, with respect to Iraq, a reluctant public. The FY 2006 Economic Support Fund (ESF) request will help Turkey to consolidate the economic gains it has achieved through an ambitious reform program, despite substantial debt-servicing requirements, and will enable Turkey to expand its efforts in Afghanistan and the GWOT. ESF funds will support programs to help Turkey address poverty and employment problems, thereby contributing to the country's internal stability and demonstrating continued U.S. support.

Foreign Military Financing (FMF) is essential to the U.S. policy of helping Turkey modernize and strengthen its armed forces and to keep them fully compatible with those of other NATO allies. Turkey requires additional U.S.-origin equipment and services to continue its impressive level of support to ISAF, OEF, and the GWOT. FMF-provided equipment and services will also further Turkey's efforts to modernize its armed forces, improve its command, control, communications, computers and intelligence (C4I) interoperability with NATO and coalition forces, and to provide vehicles, disaster relief, and search and rescue equipment in support of Turkey's participation in anti-terrorist, peacekeeping, humanitarian, and other operations. FY 2006 FMF will fund the acquisition of C4I equipment for a national command center; five- and ten-ton trucks; upgraded communications equipment with mobile satellite ground terminals; Harpoon missiles and MK-46 torpedo upgrades; an integrated logistics computer system; contracted strategic airlift; UH-1 helicopter upgrades; equipment to establish a counter-terrorism center of excellence; a Partnership for Peace (PfP) center; weapons of mass destruction (WMD) detection equipment; support for an air warfare and combat training center; enhanced man-portable air defense system (MANPADS) detection equipment; and upgrades to a Perry-class frigate.

In FY 2006, Turkey will once again be eligible to receive grants of Excess Defense Articles (EDA) under section 516 of the Foreign Assistance Act. The transfer of EDA will assist Turkey in meeting its defense requirements and further its NATO interoperability.

International Military Education and Training (IMET) continues to achieve great success in Turkey, as regional instability, increasing NATO demands, and international terrorism dictate the need for a well

trained, U.S.-oriented Turkish officer corps. IMET is the most effective mechanism for providing Turkish officers with the professional skills (including English language) and outlook that will solidify Turkey's growing value to the United States as a trusted ally.

As part of its continued efforts to prevent the proliferation of WMD, their delivery systems, related technologies, and other weapons, the United States is providing Nonproliferation, Anti-terrorism, Demining and Related Programs (NADR)-funded Export Control and Related Border Security (EXBS) Assistance in the form of a cooperative program to help Turkey establish a fully effective export control system. NADR-EXBS activities include training in industry and government outreach training and in the effective identification of WMD commodities. FY 2006 NADR-EXBS funding will provide training in detection, targeting and inspection techniques for export control enforcement officers stationed along Turkey's border, as well as an upgrade and expansion of Turkey's radiation detection program.

Turkmenistan

(\$ in thousands)

Account	FY 2004 Actual	FY 2005 Estimate	FY 2006 Request
FMF	500	694	400
FSA	5,700	6,505	5,500
IMET	340	450	300
NADR-EXBS	-	-	400
Peace Corps	1,858	1,672	1,486

The United States has strategic and economic interests in helping Turkmenistan achieve political stability, independence, and integration into the global economy. However, the highly centralized and authoritarian rule of President Niyazov is limiting the scope of U.S. assistance programs. Turkmenistan has the world's fourth largest gas reserves and significant oil reserves. U.S. assistance to Turkmenistan seeks to enhance Turkmenistan's stability and to promote security cooperation in the interests of both countries, while attempting to strengthen civil society and improve health care. Turkmenistan's government is not currently receptive to democratic or economic reform, or to many types of law enforcement assistance.

FREEDOM Support Act (FSA)-funded social sector programs focus on improving health care, controlling tuberculosis and other infectious diseases, preventing the spread of HIV/AIDS, and improving maternal and child health services. The Turkmen Government's positive response to maternal and child health efforts has led the U.S. to concentrate on models for reform in this context, with encouraging results. An assessment found a more than 50% decrease in child mortality in one region and a 25% decrease in another over the course of two years due to U.S. interventions. Tuberculosis control efforts have also begun to pay dividends. In two pilot sites, the treatment success rate has increased from over 66% to over 73%.

Due to the difficult environment for doing business in Turkmenistan, the U.S. Government has discontinued its FSA-funded micro-credit activities there. The remaining economic development program will provide technical assistance and training to entrepreneurs, agricultural producers, and self-governing associations. FSA assistance also supports seminars on commercial law to lawyers, law students and entrepreneurs.

While some small steps have been taken by the Turkmen Government in 2004 to legalize certain forms of activity by non-governmental organizations (NGOs), the space for civil-society activity remains extremely limited. Parliamentary elections in December 2004 reflected the lack of democratic process and freedom of choice. FSA assistance will continue to support civil society where possible, and work with grassroots citizen initiative groups outside the capital to make tangible improvements to the lives of ordinary citizens. Efforts to reach out to the next generation of Turkmenistan's leaders, with the goal of exposing them to democratic culture and values, will include exchanges, training, Internet access, and a scholarship fund for Turkmen students to attend the American University of Central Asia.

In FY 2006, the United States intends to continue to provide assistance under the FSA and Nonproliferation, Anti-terrorism, Demining, and Related Programs (NADR) accounts in the areas of export control and border security, and preventing terrorism and weapons smuggling. The NADR-funded Anti-Terrorism Assistance Program (ATA) currently does not have an active program in Turkmenistan due to a lack of cooperation on the part of the Turkmen Government. These issues are of particular concern in Turkmenistan, which lies along centuries-old trade and smuggling routes between the North Caucasus and Southwest Asia. The NADR- and FSA-funded Export Control and Related Border Security (EXBS) Assistance program will continue to enhance Turkmenistan's capabilities to deter, detect, and interdict the

proliferation of weapons of mass destruction and other destabilizing technology through the establishment of a legal/regulatory framework, licensing system and enforcement mechanism for export controls.

While it has proven difficult to engage consistently with the Government of Turkmenistan on many matters relating to the reform of law enforcement and the criminal justice sector, there have been some instances of increased cooperation with government ministries in this area. The U.S. has sought to move forward with FSA-funded law enforcement assistance programs where they are possible and where they serve significant U.S. interests. With an eye to addressing the flow of drugs over the border from Afghanistan into and across Turkmenistan, the United States has initiated assistance in four specific project areas: improvement in Turkmen forensic laboratory capabilities; support for a United Nations Office on Drugs and Crime (UNODC) effort to improve border security along the Turkmen-Afghan border; support for an effort to improve border controls along the Turkmen border with Kazakhstan; and support for a project to reduce demand for drugs within Turkmenistan. FSA funds have also supported a project to research and analyze evidence of trafficking in persons (TIP) in Turkmenistan and to develop strategies to address causes of TIP. FY 2006 FSA funding will support continued efforts in the area of counter-narcotics and support opportunities for expanded measures against trafficking in persons.

Turkmenistan has received minimal levels of Foreign Military Financing (FMF) and International Military Education and Training (IMET) assistance. FY 2006 FMF will bolster security cooperation in border controls, counterproliferation, and counterterrorism, providing funding for handheld radios and ground stations. The IMET Program will continue to send Turkmen officers to the United States for English language instruction and will support professional development for junior to mid-level officers. FY 2006 IMET funds will be used to educate and expose Turkmenistan's Armed Forces and civilian officials to Western-style democracy, and the concepts of rule of law, human rights and free markets.

In FY 2006, Turkmenistan will once again be eligible to receive Excess Defense Articles (EDA) on a grant basis under section 516 of the Foreign Assistance Act. Transfer of EDA will assist Turkmenistan to meet its defense requirements and further its NATO interoperability.

Ukraine
(\$ in thousands)

Account	FY 2004 Actual	FY 2005 Estimate	FY 2006 Request
CSH	1,750	2,198	2,250
FMF	5,000	2,976	16,500
FSA	94,283	79,000	88,000
IMET	1,834	1,700	1,700
NADR-EXBS	1,500	1,500	1,600
NADR-SALW	642	1,500	1,500
Peace Corps	4,504	4,642	4,345
PKO-SUP	3,500	-	-

The United States has a national security interest in Ukraine's successful transition to a stable, independent, democratic, market-oriented, and prosperous state, with good relations with its neighbors and strong links to the West. With a population of approximately 50 million and a strategic location between Russia and Central Europe, Ukraine is important for building a secure, democratic, undivided Europe. Ukraine also can be a key partner of the United States in tackling major challenges, such as the proliferation of weapons of mass destruction (WMD), the expansion of mutually beneficial trade and investment, and the shaping of a more stable, democratic, and secure Europe. A strong supporter of Operation Enduring Freedom, Operation Iraqi Freedom, and the Global War on Terror, Ukraine is contributing more than 3,000 peacekeepers to missions in Iraq, the Balkans, the Middle East and Africa. Ukrainian peacekeepers have been deployed in Kosovo since November 1999. Ukraine provides one of the largest contingents of soldiers in the Polish-led division of troops of the coalition forces in Iraq.

The FY 2006 request for FREEDOM Support Act (FSA) funding is significantly higher than the FY 2005 allocation, reflecting the heightened possibility of making solid progress in both economic and democratic reforms in partnership with the Yushchenko government. In FY 2004, the Administration developed a strategy for phasing-out FSA-funded economic reform assistance to Ukraine in FY 2009. The United States now has a new opportunity to put in place a legacy of sustainable institutions that can continue to promote democratic reform, human rights, and economic growth. In FY 2004, FSA assistance was used to broaden Ukraine's growing civil society, foster participatory democracy and human rights, and buttress the independent media. While the media environment in Ukraine deteriorated in 2004 in the face of government pressure in the run up to the presidential election, the strongly expressed will of the Ukrainian people in the "Orange Revolution" gave many journalists, even those in the state-sponsored media, the courage to report freely. These actions bode well for democratic processes in Ukraine. In FY 2006, the United States will focus increased resources on supporting the economic, democratic, rule of law, and security reform efforts of the new government. Democracy assistance will continue to support independent media, local non-governmental organizations (NGOs), political parties, independent research institutions that serve as watchdogs over the government's activities and articulate public interests.

Ukraine's long-term political stability is closely linked to its economic prosperity, and especially to the rise of a broad entrepreneurial middle class. FY 2006 FSA funding will support technical assistance to the Ukrainian Government in the preparation of laws and regulatory codes to establish a market-oriented commercial legal framework. FSA funding also will support the Ukrainian Government's efforts to implement economic reforms necessary to build on the country's expected accession to the World Trade Organization (WTO). Much of FSA-funded economic reform assistance will be focused on private-sector development. This assistance will help private enterprises become more competitive and efficient through programs to improve credit availability and promote international accounting standards, corporate

governance and shareholder rights. Particular attention will be paid to the development of small and medium-sized enterprises (SMEs), the most likely source of long-term sustained innovation and growth, and potentially important proponents of government transparency and accountability. A critical mass of privatized enterprises has been restructured, but the task remains to institutionalize the structural reforms and the privatization in order to permit sustainable economic growth in Ukraine's emerging vibrant private sector.

Ukraine continues its participation in regional law enforcement efforts, as an observer to the Southeast European Cooperation Initiative (SECI) Center participating in organizational and operational activities. Within the GUUAM Group, the regional organization comprised of Georgia, Ukraine, Uzbekistan, Azerbaijan, and Moldova, Ukraine has created a national strategy which complements regional activities and is participating in the creation of the concept of a virtual law enforcement center. Ukraine has also detailed two narcotics officers to Tashkent to assist in an Afghan heroin anti-trafficking project.

In addition, FSA funds will focus on the agriculture sector, continuing land privatization, and on deepening technical assistance to commercial banks for mortgage and long-term lending to help fund farmers' purchases of agricultural equipment. FSA funds will support further development of agricultural SMEs and technical assistance to the government to promote agricultural policy reform. In the energy sector, FSA-funded assistance will continue to focus on the development of a competitive wholesale electricity market to improve the sector's performance and make it more compatible with the European network, Ukraine's natural market.

In FY 2006, the primary objectives of FSA-funded law enforcement assistance will include supporting the Yushchenko government's goal of reducing corruption and promoting rule of law, and bringing about improvements in Ukrainian law enforcement agencies' capabilities to combat money laundering, enforce intellectual property rights, and improve border security against transnational criminal activities such as narcotics smuggling and trafficking in persons (TIP). FY 2006 FSA funding will help the recently established Financial Intelligence Unit detect suspicious currency transactions in Ukraine. The provision of training and specialized forensic equipment will support the efforts of Ukrainian law enforcement agencies to detect and prosecute criminal violations of intellectual property rights. To further support efforts to combat TIP, training will be provided to prosecutors and judges. Funding will also support the transition of the paramilitary Ukrainian Border Guards to a civilian police force.

Ukraine's growing problems in the field of public health pose a potential threat to U.S. national security. Ukraine has one of the fastest rates of increase in HIV and tuberculosis infection in the world. Both diseases are at the pre-epidemic break-out levels seen earlier in African countries, which were later devastated by these infectious diseases. FY 2006 FSA and Child Survival and Health Programs (CSH) funds will focus on prevention and treatment of HIV/AIDS, with some funds for supporting implementation in Ukraine of programs being provided by the Global Fund to Fight AIDS, Tuberculosis and Malaria (Global ATM Fund). FSA-funded programs to arrest the spread of HIV/AIDS will also help prevent mother-to-child transmission of HIV/AIDS, and will also address the spread of multi-drug-resistant strains of tuberculosis.

In FY 2006, both FSA and Nonproliferation, Anti-terrorism, Demining, and Related Programs (NADR)-funded assistance activities will continue to help the Ukrainian Government reduce the risks of proliferation of WMD, related materials, and technologies. Assistance will focus on enhanced border controls, mobile response teams, and enhanced communications and cooperation with law enforcement in the area of border control. Internal compliance with export controls will also continue to be a high priority of FY 2006 assistance. Through the Small Arms/Light Weapons (SA/LW) destruction program funded under the NADR account, the U.S. will continue to be the lead nation in the NATO Partnership for Peace Trust Fund for destruction of man-portable air defense systems (MANPADS), SA/LW, and munitions.

The Export Control and Related Border Security (EXBS) Assistance Program funded under the FSA and NADR accounts is designed to facilitate establishment of an effective national export control and border security system to prevent the proliferation of WMD, their missile delivery systems, related items and other weapons. In FY 2006, the EXBS Program will further assist Ukraine in the development of laws, regulations, and licensing procedures and practices, and internal control procedures for industry. It will also continue to provide assistance to enhance border controls with training, equipment, and advisory assistance through the resident EXBS advisors. This assistance directly complements the U.S. overarching policy to help Ukraine combat corruption and organized crime.

The U.S. continues to engage Ukrainian former weapons scientists by funding grant proposals through the intergovernmental Science and Technology Center in Ukraine (STCU) and the U.S. Civilian Research and Development Foundation (CRDF). The goal of these programs is to fully integrate Ukrainian scientific institutes into the global scientific and business communities, and thereby enable them to move toward self-sustainability. Funding in FY 2006 will therefore focus on projects with commercial potential or the potential to generate further research grants. In addition, there will be an emphasis on partnership projects between private companies and Ukrainian institutes.

Ensuring the safe and reliable provision of nuclear energy, and working toward completion of the Chernobyl nuclear plant closure and confinement remain high priorities. The Department of Energy will continue programs to safeguard nuclear facilities (including nuclear power plants), material, and transportation, a critical U.S. interest, as well as increase Ukraine's energy independence by fostering diversification of its nuclear fuel supply to include the ability to purchase U.S.-produced nuclear fuel. The United States played an important role in helping to fund the closure of the Chernobyl nuclear power plant, which took place in December 2000. In FY 2006, a higher proportion of FSA funds will be provided to the multi-year, multi-national project of building a sarcophagus around Chernobyl. Funding for Chernobyl confinement is particularly critical at this stage as work commences on the new shelter itself, the single largest, most complex, and most expensive element of the project.

FY 2006 Foreign Military Financing (FMF) will continue to support defense reform and enhance command, control, and communications capabilities, enabling Ukrainian forces to operate more effectively alongside U.S., NATO and Coalition forces. Funding will focus on a modeling and simulation network; military education curriculum development; a non-commissioned officer professional development program; organizational reform; a joint center for lessons learned (including computers and software); training on operational planning procedures; force management technical assistance; communications equipment; support for a rapid reaction force; and spare parts for high-mobility multipurpose wheeled vehicles (HMMWVs or Humvees). International Military Education and Training (IMET) will seek to develop a cadre of Ukrainian mid- and senior-level officers capable of providing English language training, with the goal of maximizing interoperability with Western militaries. The IMET Program will also focus on training a specially designed peacekeeping battalion that can rapidly react to shifting threats, following on Ukraine's provision of forces to the Kosovo Force (KFOR) and Iraq. In FY 2006, Ukraine will once again be eligible to receive Excess Defense Articles (EDA) on a grant basis under section 516 of the Foreign Assistance Act (FAA). Transfer of EDA will assist Ukraine to meet its defense requirements and further its NATO interoperability.

As in other Eurasian countries, segments of the Ukrainian population, including the victims of Chernobyl, are in need of humanitarian assistance. Humanitarian commodities are provided through U.S. private voluntary organizations (PVOs), private donations or through the U.S. Defense Department's Excess Property Program. FSA-funded humanitarian assistance to Ukraine will continue in FY 2006, targeting the most vulnerable members of society through programs implemented by U.S. PVOs.

Uzbekistan

(\$ in thousands)

Account	FY 2004 Actual	FY 2005 Estimate	FY 2006 Request
FMF	-	10,912	4,000
FSA	35,888	33,500	30,000
IMET	484	800	600
NADR-EXBS	-	1,200	500
Peace Corps	2,070	2,305	2,293

Uzbekistan is a key strategic partner in the Global War on Terrorism (GWOT) and one of the most influential countries in Central Asia. Uzbekistan has consistently supported U.S. foreign policy goals, allowing U.S. and Coalition forces to use a base in Karshi-Khanabad in support of Operations Enduring Freedom and Iraqi Freedom. However, Uzbekistan's poor record on human rights, democracy, and religious freedom continues to be an issue complicating its relations with the United States. While the Uzbek Government has taken some important steps to address torture and to establish police accountability, it has not made any progress on democratic reform, placing further restrictions on the activities of non-governmental organizations (NGOs) and the press.

The Organization for Security and Cooperation in Europe (OSCE) concluded that Uzbekistan's December 2004 parliamentary elections fell significantly short of the country's OSCE commitments and other international standards for democratic elections. In 2004, the Secretary of State declined to make the determination required in section 568(a) of the Foreign Operations Authorization Act, 2004, that Uzbekistan was making progress in meeting its commitments under the 2002 Strategic Partnership Framework; as a result, U.S. military, border security, and economic reform assistance planned for the central government of Uzbekistan was reprogrammed to other uses.

In the field of economic policy, the Government of Uzbekistan managed to unify exchange rates and introduced current account convertibility in October 2003, but did so by placing severe limitations on retail and wholesale trade. These measures crippled the informal sector and left many thousands without employment and income. Similarly, in 2004, there was little progress on economic reform.

U.S. assistance to Uzbekistan seeks to enhance the sovereignty, territorial integrity and security of Uzbekistan, diminish the appeal of extremism by strengthening civil society and urging respect for human rights, improve management of natural resources, and help relieve human suffering. FREEDOM Support Act (FSA)-funded assistance will continue to strengthen primary health care, fight infectious diseases including HIV/AIDS and tuberculosis, and improve maternal and child health services. A natural resources management program will seek to improve Uzbekistan's management of its water and energy resources. The program includes equipping and training new irrigation system operating agencies, helping to establish water users' associations, and improving the policy and regulatory framework for management of water resources. Natural resources assistance is improving water-usage efficiency and mitigating the potential for conflict over regionally shared water. FSA-funded programs designed to improve the environment for the growth of small and medium-sized enterprises (SMEs) will include business training and advisory services, accounting reform, micro-finance, and strengthening of economics and business education in higher education institutions.

FSA-funded democracy assistance will continue to pursue the longer-term goal of building constituencies for democratic reform among the broader population. The main priorities for this assistance include promoting human rights, combating trafficking in persons, assisting the development of independent

political parties (to the extent allowed by Uzbek law), fostering an independent judiciary, assisting in the professional development of young lawyers and the provision of legal aid to citizens, and enhancing civic participation through the growth of independent media and a strong NGO sector. FSA-funded democracy assistance will continue to help NGOs through a network of seven civil society support centers and small grants for civic initiatives. The U.S. will also continue to assist independent television and radio stations throughout the country through production grants, training opportunities, and legal defense. While no independent parties were able to participate in the December 2004 parliamentary elections, the U.S. will continue, in the hope of encouraging democratic development but within the constraints set by the Uzbek authorities, to provide training and technical assistance to both opposition movements and officially registered parties.

Uzbekistan permits base access and overflight rights to U.S., International Security Assistance Force (ISAF), and NATO forces operating in Afghanistan under Operation Enduring Freedom (OEF). Despite the presence of U.S. forces, Uzbekistan continues to face terrorist attacks by the Islamic Movement of Uzbekistan (IMU) and other extremist groups. Uzbekistan requires military assistance to combat these threats within its territory and at its borders, as well as assistance for general reforms aimed at Partnership for Peace (PfP) cooperation and NATO interoperability. FY 2006 security assistance will continue to enhance military cooperation between Uzbekistan and the United States, as well as with NATO and Uzbekistan's Central Asian neighbors through the Warsaw Initiative and Uzbekistan's active participation in PfP. The establishment of Uzbek forces capable of interdicting trafficking in weapons, persons and narcotics, and combating the threat of terrorism in the region will contribute immensely to U.S. interests and regional security.

FY 2006 Foreign Military Financing (FMF) will be devoted to establishing communications capability, building on previous FMF-funded procurements of communications equipment. FMF will also be focused on border security enhancements for the land border as well as river patrols, to improve Uzbekistan's capacity to combat transnational threats. FMF funding will also be used to support defense reform through career development programs for non-commissioned officers (NCOs), thereby enhancing interoperability with NATO and PfP forces.

In FY 2006, Uzbekistan will once again be eligible to receive Excess Defense Articles (EDA) on a grant basis under section 516 of the Foreign Assistance Act. Transfer of EDA will help Uzbekistan meet its defense requirements and further its NATO interoperability.

FY 2006 IMET funds will be used to develop a professional military education system and a strong NCO corps, and to deliver robust programs in the areas of mountain training, infantry training, special forces training, border security training, civil-military relations, emergency and disaster response, and English language training.

In FY 2006, the United States is requesting funds to provide assistance to enhance Uzbekistan's ability to cooperate with U.S. and Coalition forces to counter the flow of weapons, narcotics, and terrorist insurgents across borders and to enhance Uzbekistan's ability to protect its sovereignty and territorial integrity. Assistance programs for weapons scientists under the FSA and Nonproliferation, Anti-terrorism, Demining, and Related Programs (NADR) accounts will increasingly focus on funding individual scientists to conduct research that is self-sustainable through commercial or other peaceful means.

The NADR- and FSA-funded Export Control and Related Border Security Assistance (EXBS) program will improve Uzbekistan's capacity to prevent the proliferation of weapons of mass destruction (WMD) and other destabilizing technologies by enabling the Government of Uzbekistan to detect, deter and interdict illicit trafficking in such items and transfers to end users and end-users of proliferation concern. The EXBS program in Uzbekistan would provide a range of assistance to support nonproliferation objectives, which

include licensing and legal/regulatory technical workshops, and detection and interdiction equipment and training for customs and border guards.

The NADR Antiterrorism Training Assistance (ATA) Program will continue to provide regionally funded counterterrorism training to Uzbek law enforcement agencies to help Uzbekistan respond to terrorist threats and improve Uzbekistan's capacity to participate fully in the GWOT. The regionally funded NADR Science Centers and Bio-Chem Redirect programs engage Uzbek former weapons scientists through the Science and Technology Center in Ukraine (STCU), a multilateral nonproliferation program focused on preventing the proliferation of WMD expertise by redirecting former weapons of mass destruction scientists to peaceful and sustainable activities. The Bio-Chem Redirect Program provides funding to the Department of Agriculture (USDA), the Department of Health and Human Services (HHS), and the Environmental Protection Agency (EPA) to engage priority scientists in collaborative civilian research programs. Collectively, these NADR programs are funding research on arid land agriculture, seed crop development, animal health, water quality, and endemic diseases such as malaria and cholera.

Uzbekistan is a transit country for narcotics produced in neighboring Afghanistan. The United States is cooperating with the Uzbek Government in the interdiction of illicit narcotics and in the denial of illegal revenues from such drug smuggling for use as financing by terrorist groups. In FY 2005, FSA law enforcement funding increased to ensure continued support for counter-narcotics interdiction by Uzbek law enforcement agencies and for Uzbek law enforcement agencies' improved capability to cooperate with the U.S. Drug Enforcement Administration. This increased funding will continue in FY 2006. FY 2006 funding will also continue efforts to improve the treatment of suspects and prisoners, to prevent the use of torture in law enforcement, to bring Uzbek law into compliance with international obligations and to strengthen Uzbek border controls.

Continuing in FY 2006, FSA-funded humanitarian programs will provide critical medical and emergency help to impoverished persons in underserved and remote areas of Uzbekistan. U.S. private voluntary organizations working with the U.S. Government in partnership with the Government of Uzbekistan and local NGOs will administer basic medical services and provide essential medicines, clothing and food to children, the elderly and other vulnerable populations. This assistance is integral to alleviating poverty and preventing widespread health problems and suffering in populations beyond the reach of the limited social welfare programs implemented by local governments.

OSCE Regional - Europe and Eurasia

(\$ in thousands)

Account	FY 2004 Actual	FY 2005 Estimate	FY 2006 Request
PKO	8,014	2,400	2,000

FY 2006 Peacekeeping Operations (PKO) funds will support regional activities of the Organization for Security and Cooperation in Europe (OSCE), including peacekeeping, post-conflict and election-related activities, as well as a small portion of the U.S. share of the OSCE's field missions in the Balkans and the former Soviet Union and the salaries of certain American citizens seconded to work in those missions. The bulk of the remaining voluntary contribution, staffing and regional activity costs will be covered using \$29,350,000 in FY 2006 Support for East European Democracy (SEED) regional funds and \$10,000,000 in FY 2006 FREEDOM Support Act (FSA) regional funds, to be used for the benefit of SEED and FSA recipient countries, respectively. In addition, \$1,500,000 in SEED regional funds and \$3,000,000 in FSA regional funds is being requested for extra-budgetary contributions to the OSCE for high-priority projects to promote human rights, democratization, economic development and environmental protection.

The U.S. pays for a share of OSCE operations, which support U.S. goals of preventing destabilizing conflicts in the former communist states, resolving certain ongoing disputes, containing and reducing instability in the Balkan states and states of the former Soviet Union, assisting with post-conflict rehabilitation, combating transnational threats to stability, and implementing measures against terrorism. OSCE also provides a rapid crisis-response capability through the Rapid Expert and Assistance Cooperation Team (REACT) program, and undertakes responsibilities as called for under the Dayton Agreement. OSCE stabilization efforts help prevent conflicts and unrest that can be exploited by terrorist groups.

The OSCE's core objectives include early warning, conflict prevention, crisis management and post-conflict rehabilitation, and are focused on economic, environmental, human, and political aspects of security and stability. The requested funds will support U.S. contributions to the OSCE, whose expertise in conflict prevention, confidence and security-building measures, conventional arms control, peacekeeping, good governance, democratization, human rights, rule of law, and elections are closely linked with U.S. Government policy objectives. These funds will also support OSCE election observation missions and elections-related activities, peacekeeping-related activities such as conventional arms control projects, OSCE field activities to monitor implementation of agreements to resolve existing regional or inter-ethnic conflicts, fielding of rapid-response teams to prevent new regional tensions from developing into armed conflict, counter-terrorism and border security initiatives within the OSCE region (including measures to improve document and container security), and staffing (and related costs) for OSCE bodies in positions that support U.S. foreign policy objectives. Funding for the salaries of American citizens seconded to the OSCE Secretariat and field missions, as well as the travel costs of Americans serving as election monitors for the OSCE's Office of Democratic Institutions and Human Rights (ODIHR) is both a crucial U.S. Government contribution to the effective work of the OSCE and a key means of maintaining U.S. influence and involvement in OSCE activities.

Program Assessment Rating Tool (PART)/Performance Evaluation

For preparation of the FY 2005 budget, the Administration reevaluated the Department's PKO OSCE Program using the Program Assessment Rating Tool (PART). The program was not reassessed for FY 2006. In its second PART review, the program showed significant improvement from the FY 2004 rating of Results Not Demonstrated to Moderately Effective. The program purpose is to provide funding to the OSCE to ensure regional and sub-regional stability in the independent states of the former Soviet Union and

the countries of southeastern Europe. Findings from the PART process were a factor in the overall decision-making process for resources allocation. The FY 2005 OMB PART assessment acknowledged significant improvements in the areas of strategic planning and program results. Other FY 2005 assessment recommendations have been addressed, including the establishment by the USOSCE Mission Performance Plan (MPP) of detailed performance indicators for resolution of conflicts in OSCE states.

Key Indicators: (1) Per Unit Cost of USG-Funded OSCE election observation; (2) Conclusion and implementation of a comprehensive political settlement of the conflict between Moldova and its breakaway constituent region of Transnistria; (3) OSCE Secretariat implementation of a comprehensive regulatory framework on the basis of its program for Integrated Resource Management (IRMA); (4) A settlement of the Nagorno-Karabakh conflict between Armenia and Azerbaijan; (5) Adoption of decisions and implementation of measures to strengthen the OSCE budgeting process; (6) Implementation of a comprehensive system to ensure accountability for U.S. extra-budgetary contributions to the OSCE; (7) ODIHR/OSCE assessment of participating State compliance with international standards in the conduct of elections; and (8) Level of implementation of an OSCE Action Plan on Activities to Combat Trafficking in Human Beings.

Regional FSA

(\$ in thousands)

Account	FY 2004 Actual	FY 2005 Estimate	FY 2006 Request
FSA	42,646	49,620	48,500

FREEDOM Support Act (FSA) regional programs address the entire range of the U.S. Government's assistance objectives, including increased trade and foreign investment, development of small and medium-sized enterprises (SMEs), combating crime and corruption, fighting trafficking in persons, and promoting economic restructuring and democratic reform. Eurasian regional funds also support programs that redirect former Soviet weapons-of-mass destruction (WMD) expertise to peaceful activities and enhance the ability of the Eurasian countries to prevent the proliferation of WMD and associated delivery systems, materials and technologies, conventional weapons and other illicit trafficking across their borders.

Several U.S. national interests in the Eurasian region are advanced through assistance projects that involve more than one country. These programs, implemented by the Department of State, USAID, Department of Homeland Security, and other U.S. Government agencies, include enhancing border security throughout the region, fighting trafficking in narcotics and persons, and promoting water and energy-sector reform in Central Asia. In the Caucasus, regional funds support humanitarian relief efforts in Nagorno-Karabakh.

In addition, FSA regional funds support the activities of several U.S. Government agencies in the region, including Trade and Development Agency feasibility studies, Treasury Department technical assistance, Department of Agriculture training and exchange programs, Commerce Department training programs and trade and investment support activities, and State and Justice Department regional law enforcement training programs that help states combat trafficking in narcotics and persons, reduce the likelihood of international terrorist operations, and improve human-rights practices in criminal justice institutions. These programs promote regional cooperation and stability by providing opportunities for citizens of the region to work together to promote economic restructuring and democratic reform.

The FSA regional budget also includes a small contingency fund to enable the U.S. Government to respond quickly to targets of opportunity such as democratic and economic reforms and peace settlements. This fund is also used to augment projects that perform very well during the year and require additional support.

Beginning in FY 2005 and continuing in FY 2006, the FSA regional account is also funding U.S. contributions toward the costs of maintaining Organization for Security and Cooperation in Europe (OSCE) missions in the Eurasian countries -- contributions that were previously funded with Peacekeeping Operations (PKO) funds. OSCE missions undertake high-priority responsibilities in conflict prevention and post-conflict democratization and stabilization. FSA regional funds are also being used to pay the salaries of American citizens seconded to the OSCE Secretariat and field missions, as well as the travel costs of Americans serving as election monitors for the OSCE's Office of Democratic Institutions and Human Rights (ODIHR). The service of these individuals is both a crucial U.S. Government contribution to the effective work of the OSCE and a key means of maintaining U.S. influence over OSCE activities. A total of \$10,000,000 in FY 2006 FSA regional funding is being requested for these purposes. In addition, \$3,000,000 in FSA regional funding is being requested to support extra-budgetary contributions to the OSCE for high-priority projects to promote human rights, democratization, economic development and environmental protection. (For additional details, please see the "OSCE Regional - Europe and Eurasia" page.)

Regional SEED

(\$ in thousands)

Account	FY 2004 Actual	FY 2005 Estimate	FY 2006 Request
SEED	37,775	47,827	65,000

Support for East European Democracy (SEED) regional funds help sustain the transition to democracy, market economies, and social stability in Southeast Europe. Through regional programs that bring together several SEED countries, the United States pursues its interests in economic growth, trade and investment promotion, and reducing international criminal and terrorist threats to U.S. citizens. In FY 2006, these programs will focus on helping Southeast Europe accelerate its integration into Euro-Atlantic institutions. SEED-funded regional programs will target terrorism, corruption, international crime, and trafficking in persons, as well as develop regional capacities for war crimes trials in the Balkans. SEED regional funds will also support significant regional efforts to promote energy efficiency and help facilitate infrastructure development. The SEED regional budget also funds Congressional directives related to health and HIV/AIDS, and assistance to regional non-governmental organizations (NGOs) through the National Endowment for Democracy (NED).

Through regional funding for both the Stability Pact for Southeastern Europe and the Regional Center for Combating Transborder Crime (under the Southeast Europe Cooperative Initiative or SECI) in Bucharest, the United States targets cross-border problems and leverages significant funding from European and international donors to support U.S. policy priorities. Through the Stability Pact and SECI, the United States funds technical assistance and promotes regional cooperation in such areas as law enforcement. The countries in this region are increasingly “taking ownership” of border and customs control reform efforts and cooperative regional law enforcement operations that combat organized crime, terrorism, and trafficking in persons. Continued U.S. engagement with these efforts, including through support for the Bucharest Anti-crime Center and the International Law Enforcement Academy (ILEA) in Budapest remains an important catalyst to increased and effective regional cooperation. The ILEA provides high-quality training and technical assistance, supports institution building and enforcement capability, and encourages strong partnerships between countries in the region. The SECI Center has administered a series of regional law enforcement operations in the areas of human trafficking and the smuggling of narcotics, small arms and excise value goods. These operations have cemented SECI’s role as a regional forum for law enforcement cooperation and information-sharing. The success of these cooperative efforts has also served to identify weaknesses in the criminal justices processes, which are being addressed by both U.S. and European Union economic assistance.

Through SEED contributions to the Stability Pact, the United States leverages resources from European and other donors. The USAID-administered Regional Infrastructure Program in Southeastern Europe has worked closely with international financial institutions and the European Union to facilitate and accelerate over 2 billion Euros' worth of water and transport infrastructure projects. That cooperation led to a joint USAID- and International Finance Corporation-financed Balkans Infrastructure Development (BID) Facility that will provide technical assistance in program proposal development. The BID Facility has garnered support from a variety of Western European donor countries.

Starting in FY 2005 and continuing in FY 2006, the largest single item funded with regional SEED funds is staffing costs and U.S. voluntary contributions for Organization for Security and Cooperation in Europe (OSCE) field missions in Southeast Europe. The SEED regional budget is funding the bulk of U.S. voluntary contributions for OSCE missions in the Balkans, U.S. contributions to the Office of the High Representative (OHR) in Bosnia and Herzegovina, and security costs for senior Americans leading such missions -- activities that were previously funded with Peacekeeping Operations (PKO) funds. OSCE

missions undertake high-priority responsibilities in conflict prevention and post-conflict democratization and stabilization. Regional SEED funds are also being used to pay the salaries of American citizens seconded to the OSCE Secretariat and field missions, as well as the travel costs of Americans serving as election monitors for the OSCE's Office of Democratic Institutions and Human Rights (ODIHR). The service of these individuals is both a crucial U.S. Government contribution to the effective work of the OSCE and a key means of maintaining U.S. influence over OSCE activities. A total of \$29,350,000 in FY 2006 regional SEED funding is being requested for these purposes. In addition, \$1,500,000 in regional SEED funding is being requested to support extra-budgetary contributions to the OSCE for high-priority projects to promote human rights, democratization, economic development and environmental protection. (For additional details, please see the "OSCE Regional - Europe and Eurasia" page.)

NEAR EAST

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Algeria
(\$ in thousands)

Account	FY 2004 Actual	FY 2005 Estimate	FY 2006 Request
IMET	722	850	750
P.L. 480 Title II	931	-	-

Engagement with a stable, secure, and democratizing Algeria is important to U.S. national interests. Algeria shares an interest in fighting terrorism, plays an important leadership role in the Arab world, Africa, and the Mediterranean basin, possesses enormous gas and oil resources, and has assumed a seat on the United Nations Security Council. Algeria is emerging from a decade of terrorist violence and state repression that cost upwards of 100,000 lives, and is moving slowly forward on a process of political and economic reform. Recent positive steps towards economic liberalization and democratization have come through progress on WTO accession and ongoing efforts to amend electoral rules to allow the military to vote outside their barracks. U.S. projects through the Middle East Partnership Initiative (MEPI) will reinforce these trends.

U.S. assistance to Algeria has helped to foster institutional ties with the Algerian military. The Algerian government has demonstrated it is an important partner in the global war against terrorism; it remains in the U.S. interest to help the Algerian military increase its professionalism, effectiveness and improve its interoperability with the U.S. and other allied forces. The threat of terrorism from internal Algerian extremist groups and those with ties to international terrorist organizations continues to plague Algeria and threaten U.S. interests in the region. While most large towns and cities are now free of violence, military action in remote rural areas against the remaining armed insurgents is expected to continue for the foreseeable future. A new cause for concern for the Algerian military has been the targeting of foreign travelers in the South, creating the need for additional counterterrorism efforts that focus on collaboration with regional partners to secure Algeria's long and porous borders.

The International Military Education and Training (IMET) program helps Algerian military leaders develop contacts with U.S. counterparts, better understand U.S. policies, increase awareness of international norms and foster greater respect for the principle of civilian control of the military. IMET develops relationships with members of a key military power with whom the United States has traditionally had very limited ties. Algeria's primary military supplier had been the former Soviet Union and China, however, in recent years; it has diversified its sources of military material. Indeed, as Algeria pursues its goal of securing stability in the Mediterranean, interest in cooperation with the United States and Europe is on the rise. Training in FY 2006 will include a continued focus on English language training and placement of officers in key Professional Military Education (PME) courses as well as selected technical training courses and staff colleges.

Finally, Algeria is eligible in FY 2006 to receive Excess Defense Articles (EDA) on a grant basis under Section 516 of the Foreign Assistance Act. Transfer of EDA will assist Algeria in modernizing its armed forces.

Bahrain
(\$ in thousands)

Account	FY 2004 Actual	FY 2005 Estimate	FY 2006 Request
FMF	24,682	18,848	19,000
IMET	568	650	650

In 2001, President Bush designated Bahrain a Major Non-NATO Ally (MNNA) in recognition of the close cooperation and facilities support that Bahrain has provided the U.S. Navy for more than 50 years. Bahrain currently hosts the U.S. Navy Fifth Fleet Headquarters and important air assets. The United States has an enduring national security interest in retaining access to these military facilities in order to maintain stability in the Gulf, support operations in Iraq, and facilitate the on-going war on terrorism. The relatively open access to facilities, land and airspace that Bahrain provides is critical to U.S. Operations in Iraq, Afghanistan, and the Horn of Africa, as well as nascent regional interception activities that prevent illicit smuggling of narcotics and other goods, and any contingency operations and/or force projection in the Gulf and Southwest Asian areas. Bahrain continues to provide important political and military support for U.S. operations in Iraq and Afghanistan.

The Government of Bahrain (GOB) has been a steadfast supporter of U.S. foreign policy objectives. In addition to supporting U.S. objectives in Iraq since 1990, Bahrain has been a key supporter of the war on terrorism. Bahrain deployed naval assets in support of OEF and also deployed ground, air, and naval assets to Kuwait in support of OIF. Bahrain was the only nation in the Gulf to deploy its own forces to provide humanitarian support for Afghan relief. A major regional banking center, Bahrain has also pioneered the introduction of financial controls on all financial institutions, including Islamic banks to prevent illicit terror financing. In November 2004, Bahrain hosted the founding meeting of the Middle East/North Africa Financial Action Task Force, which will promote regional adoption of international banking standards to curtail money laundering and terrorist financing. U.S. political and military support and cooperation also help encourage the significant ongoing political and economic reforms fostered by the Government of Bahrain. In 2002, Bahrainis went to the polls for the first time in over 30 years to elect the lower house of the National Assembly. Women were not only eligible to vote but also ran as candidates for national office in those elections -- a first for any Gulf Cooperation Council member state. In September 2004, the U.S. and Bahrain signed a Free Trade Agreement, an achievement reflecting Bahrain's significant strides on economic reform. The State Department is working with Bahrain to improve counter-terrorism cooperation and to ensure that the GOB continues its progress forward on political reform.

Bahrain's Foreign Military Financing (FMF) and International Military Education and Training (IMET) security assistance programs support the U.S. national interest in maintaining stability in the Gulf. Prior year FMF was used to upgrade weapons systems, further develop a truly integrated air defense network, and enable an expansion of littoral waters maritime interdiction operations. In FY 2006, FMF will continue to support the development of an integrated air defense network, the acquisition of radars, sustainment of U.S.-origin equipment, and support for Bahrain's F-16 fleet. FY 2006 IMET will serve to enhance interoperability with U.S. forces, promote military professionalism, and reinforce the importance of a strong, cooperative political/military relationship with the United States among the Bahraini officer and non-commissioned officer corps. In addition, U.S.-based courses will provide instruction in the democratic principles of civilian control of the military and help to encourage the political reforms already underway in Bahrain. Bahraini attendance at key Professional Military Education (PME) courses will foster key one-to-one relationships that will pay invaluable rewards in the form of interoperability, access, coordination and mutual understanding especially in terms of the on-going war on terrorism. IMET-funded maintenance, logistics and specialist training provide military personnel with the prerequisite skills required to maintain the stocks of U.S. furnished equipment, and enhance Bahrain's value as a training and coalition partner.

Bahrain is eligible in FY 2006 to receive U.S. Excess Defense Articles (EDA) under section 516 of the Foreign Assistance Act. The transfer of EDA will assist in maintaining military mobility and readiness.

Egypt
(\$ in thousands)

Account	FY 2004 Actual	FY 2005 Estimate	FY 2006 Request
ESF	571,608	530,720	495,000
FMF	1,292,330	1,289,600	1,300,000
IMET	1,369	1,200	1,200
P.L. 480 Title II	2,345	-	-

Egypt is the largest and most populous country in the Arab world; it is an important ally of the United States. Egypt's support for U.S. initiatives – whether multilateral or bilateral and whether political, strategic, military, or economic – is critical. In the global war on terrorism, Egypt actively aids the United States with public support, logistical and intelligence assistance, financial cooperation, and diplomatic coordination. Egypt's already-crucial role in Middle East peace efforts will be enhanced by its role in Israeli disengagement from Gaza. Egypt's extensive logistics support during the war in Iraq was critical to U.S. success and its post-war efforts to reintegrate Iraq into the Arab and world community are equally important. As a moderating influence, Egypt is pivotal to U.S. interests in the Arab, Muslim, and developing worlds, as well as geographically in the Middle East, Africa, and the Mediterranean basin. An Egypt that is socially and economically stable and that views the United States as a friendly ally will continue to be vital to U.S. national security interests for the foreseeable future.

The FY 2006 request of \$1.3 billion for Egypt in Foreign Military Financing (FMF) will support a modern, well-trained Egyptian military that will continue to help ensure stability in the region, facilitate Egypt's participation as a coalition partner in future area operations, provide force protection to the U.S. military in the region, and help guarantee U.S. access to the Suez Canal and over-flight routes used to support our forces fighting the war on terror. Because Egypt's five-year plan currently calls for no new large acquisitions, most funding will go to follow-on support requirements and existing cash flow obligations.

The \$1.2 million requested in FY 2006 International Military Education and Training (IMET) funds will continue to play a critical role in the professional and technical development and training of the Egyptian military forces. These funds allow Egypt to send students to both Technical and Professional Military Education (PME) courses. These courses include, but are not limited to, including U.S. service war colleges, command and staff colleges, and officer and non-commissioned officer entry-level courses. Egyptian attendance helps foster one-to-one relationships that improve U.S.-Egyptian military interoperability and coordination and serve U.S. regional interests. IMET-funded maintenance, logistics and specialist training provides Egyptian military personnel with the skills needed to maintain Egypt's stocks of U.S. furnished equipment, and enhances their value as a training and coalition partner. In FY 2006, Egypt is eligible to receive Excess Defense Articles (EDA) on a grant basis under Section 516 of the Foreign Assistance Act, which enables Egypt to procure critically needed U.S. equipment and spare parts for its existing U.S.-origin inventory.

FY 2006 Economic Support Funds (ESF) will be targeted to ensure further political, economic, and educational reform in Egypt, in line with the conclusions in the State/USAID review of the USAID Egypt program and the goals and objectives of the Middle East Partnership Initiative (MEPI). Significant resources will be devoted to democracy and governance projects that open the public space for debate, support civil society institutions, and promote respect for the rule of law, particularly through direct grants to non-governmental organizations (NGOs) for such activities. In education, programs will promote decentralization of Egypt's education system and integration of proven models of teacher teaching, local

school management, and community and private sector involvement. Girls' education, particularly in rural areas, and English language training programs are key elements.

Egypt needs to reinvigorate its economy if it is to develop into a globally competitive country that can generate jobs and opportunities for its growing population. Of the FY 2006 ESF requested, some \$200 million will be provided as a cash transfer for the Development Support Program (DSP), which is designed to foster economic reform. This program will focus primarily on financial sector reform, including bank privatization, as proposed in the State/USAID program review and agreed upon with the Government of Egypt. As much as \$200 million in FY 2006 ESF will be used for the Commodity Import Program that provides hard currency for the Egyptian private sector to import U.S. goods. ESF funds also will be used for technical assistance to improve the business and investment climates, increase agricultural productivity, and improve health care.

Iraq
(\$ in thousands)

Account	FY 2004 Actual	FY 2005 Estimate	FY 2006 Request
ESF	-	-	360,000
IMET	-	-	700
INCLE	-	-	26,474
IRRF-SUP	18,439,000	-	-
NADR-ATA	-	-	10,000
NADR-EXBS	-	-	1,000
NADR-HD	-	-	16,000
NADR-TIP	500	-	-

Ensuring that Iraq becomes a stable, united, prosperous, and democratic state will remain a national security priority in FY 2006, critical to regional stability and the spread of democracy. U.S. assistance, in coordination with the Iraqi Government and Coalition partners, will continue to focus on three interlocking objectives: (1) improved security, with the increasing ability of the Iraqis to assume responsibility for its internal and external security; (2) development of democratic governance; and (3) reconstruction, including economic development. The FY 2006 budget will sustain the successes in these areas that were supported with previous supplemental funding.

While security will continue to be at the forefront of USG efforts, support for Iraq's democratic and economic institutions is also critical. FY 2006 ESF is requested to continue capacity-building efforts for these institutions at the local, provincial, regional, and national levels. Programs in national governance will strengthen the management, transparency and accountability of national government institutions. In addition, support will be provided both to strengthen the first post-transitional national governance institutions and to increase Iraqi appreciation for democratic principles, values, and processes. Civil society programs will maintain the development of community associations and local engagement in the democratic decision making process as a bulwark against government re-centralization, particularly in the areas of human rights, women's political participation, anti-corruption, and continued development of free, professional, and independent media. Finally, programs will continue that institutionalize democratic political activities. Also ongoing will be activities that fill critical gaps in overall U. S. Government assistance to Iraq and support USG and Iraqi Government needs, including support of activities to reduce tension in areas prone to or experiencing conflict.

Sustained economic growth, development and job creation depend upon improvement in Iraq's economic policy, legal/regulatory and institutional framework, and development of the private sector. FY 2006 ESF will be used to continue and elaborate economic governance and private sector development programs. USAID will develop new lines of training and enhance existing employment centers as well as considering new target groups for interventions in both areas. The range and scope of activities under the existing economic governance and private sector development will increase, and work will continue in the areas legal, fiscal, institutional and regulatory framework and functions to develop the private sector. Funds will also continue USAID's agricultural development and water resources management program.

The FY 2006 budget also supports the State Department's efforts to facilitate the return and reintegration of Iraqi refugees and internally displaced persons (IDPs). In FY 2006, approximately 200,000 Iraqis are estimated to return to Iraq. Migration and Refugee Assistance (MRA) will assist returning Iraqis as well as strengthen the Iraqi Ministry of Displacement and Migration to ensure the Iraq government has the capacity to respond to refugee and IDP needs.

The establishment of a professional, capable police force of 135,000 is an integral component of the national security strategy in Iraq. FY 2005 supplemental funding is being requested to train, equip, and mentor this police force. The FY 2006 International Narcotics Control and Law Enforcement funding request will continue to be focused on key police, justice, and prisons programs through the provision of bilateral technical assistance and support to the Ministries of Interior and Justice. Up to five senior advisors, one to each of the Iraq Criminal Justice System's (ICJS) components -- police, border enforcement, prosecutors, courts and prisons -- will be assigned to assist ongoing Iraqi reform and development of these institutions. In addition to mentoring senior Iraqi leadership, advanced and specialized training programs will enhance the overall organizational management skills of all ICJS components. Police, legal, judicial and correctional advisors and trainers will be deployed to provide assistance and instruction. A small support capability will be maintained in country to provide logistics, transportation and security support for advisors and trainers deployed to Iraq.

The establishment of Iraqi armed forces capable of providing internal and external security is critical to stabilizing Iraq and is a prerequisite for U.S. troop withdrawal. FY 2005 supplemental funding will support training, equipment and infrastructure requirements for Iraqi Security Forces (ISF) through FY 2006. FY 2006 International Military Education and Training (IMET) program will increase awareness of international human rights norms, foster respect for the principle of civilian control of the military and the rule of law, and provide Iraqi military officers with necessary technical skills. A large portion of Iraq's IMET funds will be used to provide English-language training, in order to increase the English speaking pool of students who may then be eligible in the future to receive professional and technical military education within the United States. Iraq will also be eligible in FY 2006 to receive U.S. Excess Defense Articles (EDA) under section 516 of the Foreign Assistance Act, which supports sustainment of critically needed equipment, provides spare parts, and promotes interoperability with U.S. and Coalition Forces.

U.S. Commanders in Iraq are responsible for efforts to train and equip Iraq Security Forces, including both military and police units, so that these forces can operate more independently and with less reliance on coalition forces. The majority of funds necessary to accomplish this task thus are being requested through the Department of Defense portion of the FY 2005 Supplemental to provide the necessary flexibility to U.S. Commanders who are in charge of this effort and to enable a flexible response to changing conditions. Funding will be used to train and equip all security forces (both police and military), provide increased counterinsurgency capability for these forces, and assist Iraq in the building of infrastructure so that the Iraq government can begin to train and equip its own security forces.

FY 2006 Non-proliferation, Anti-terrorism, Demining, and Related Programs/Anti-Terrorism Assistance (NADR/ATA) is requested to continue the development of effective civilian antiterrorism organizations in Iraq by supporting the training and equipping of a counterterrorism emergency response unit as well as a comprehensive country assistance plan for the new government.

FY 2006 NADR/Export Control and Related Border Security Assistance (NADR/EXBS) is requested to fund a cooperative program in Iraq focused on improving legal and regulatory, enforcement, and licensing procedures and capabilities. This is part of our efforts to prevent the proliferation of weapons of mass destruction, their delivery systems, and related technologies, and other weapons.

FY 2006 NADR/Humanitarian Demining (NADR/HD) is requested to support national level program management, regional coordination in the center and south, operational support for Iraqi deminers, and support for international NGOs' mine action efforts. Iraq is one of the most mine and unexploded ordnance (UXO) contaminated countries in the world.

Israel
(\$ in thousands)

Account	FY 2004 Actual	FY 2005 Estimate	FY 2006 Request
ESF	477,168	357,120	240,000
FMF	2,147,256	2,202,240	2,280,000

The United States has a strategic foreign policy interest in a stable, democratic, and economically and militarily strong Israel at peace with its neighbors. Maintaining the qualitative edge of the Israeli Defense Forces (IDF) in the regional balance of power enhances Israel's security, helps prevent regional conflict, and builds the confidence necessary for Israel to take calculated risks for peace. Achieving progress toward comprehensive peace and an end to the Arab-Israeli conflict will strengthen Israel's security by lowering regional tensions, encouraging the process of "normalization," and strengthening moderates in the region. In FY 1999, Congress began a reduction of the economic assistance earmark in recognition of the progress Israel has made to date. The United States will continue to reduce ESF to Israel by \$120 million per year, eliminating it completely by FY 2008. Over the same period, Foreign Military Financing for Israel will be increased by \$60 million per year to a final annual level of \$2.4 billion.

Reducing Israel's isolation and enhancing its economic relationships in the region and the world serve the U.S. national interest by decreasing Israel's political and economic dependence on the United States, and by fostering stability in a historically volatile region whose importance is vital to U.S. economic and security interests. Promoting market-oriented economic reform in Israel contributes to its economic growth; permits a gradual phasing-out of U.S. economic assistance; enhances Israel's ability to repay its debt to the United States; and opens new opportunities both for U.S. investment and for export sales.

The FY 2006 Economic Support Funds (ESF) requested will further U.S. goals of supporting Israel's economic and political stability. Economic assistance is designed to help relieve the impact of economic burdens Israel has incurred due to its isolation in the region and the unstable situation in the Middle East. ESF may be used to purchase goods and services from the United States; service debt owed to, or guaranteed by, the U.S. government (USG); pay to the USG any subsidies or other costs associated with loans guaranteed by the USG; service Foreign Military Sales debt; and for other activities to support Israel's economic needs. The United States continues to work with the government of Israel on the phase-out of U.S. economic assistance, while encouraging Israel's efforts to increase the role of the private sector, promote productive investment, reform taxes, and use its resources more efficiently.

The United States maintains a steadfast commitment to Israel's security, to the maintenance of its qualitative military edge, and to strengthening Israel's ability to deter and defend itself. The annual Foreign Military Financing (FMF) that Israel receives constitutes an important part of U.S. support for these objectives. FMF represents about 20 percent of the Israeli defense budget and is crucial to Israel's multi-year defense modernization plan. The FY 2006 FMF request will enable the Israeli government to meet cash flow requirements associated with the procurement of U.S.-origin systems such as F-16I fighter aircraft, the Apache Longbow attack helicopter, field vehicles, and advanced armaments. Israel's annual FMF level is expected to increase incrementally (by \$60 million each year) to a level of \$2.4 billion in FY 2008, as ESF is phased out. Israel also will be eligible in FY 2006 to receive Excess Defense Articles under section 516 of the Foreign Assistance Act for defense maintenance, spare parts, support equipment and other needs.

Jordan
(\$ in thousands)

Account	FY 2004 Actual	FY 2005 Estimate	FY 2006 Request
ESF	248,525	248,000	250,000
ESF-SUP	100,000	-	-
FMF	204,785	204,352	206,000
IMET	3,225	3,000	3,000
NADR-EXBS	730	860	1,000
NADR-HD	950	-	-
NADR-TIP	350	-	-
Peace Corps	1,268	1,464	1,616

Jordan shares borders with Israel, the West Bank, Syria, Iraq and Saudi Arabia. Jordan is a key strategic partner in facing four interconnected policy challenges in the Middle East - helping to build a unified, stable, prosperous Iraq; realizing a two-state solution to the Israeli-Palestinian conflict; defeating terrorists and their state sponsors; and supporting regional leaders calling for political, economic, judicial, and educational reform. Jordan's own leaders identify their strategic interests with success in these four areas and have provided bold leadership and tangible support. Jordan has actively supported Iraq's emerging democracy, to include facilitating the training of Iraqi security officials, as well as providing much-needed equipment to the Iraqi army and air force. Jordan has provided critical political support for Iraq in regional and international forums and has worked closely with the Interim Iraqi Government.

Jordan and Israel in October 2004 marked the 10-year anniversary of their peace treaty. Jordan is on the forefront of the war on terror, providing intelligence, diplomatic, military, and security cooperation with the United States and our allies in the region. Jordanian authorities in 2004 thwarted several Zarqawi-sponsored terrorist attacks on Jordanian territory, including a major plot in April which targeted the U.S. embassy and Jordanian facilities. Jordan continues to lead the way as a regional model for democracy, good governance, economic reform, and tolerance. In November 2004, Jordan unveiled the "Amman Message," a declaration which rejects religious extremism and terrorism and seeks to promote moderate Islam and dialogue. The Government of Jordan has openly declared its commitment to increasing political participation, particularly among women, and promoting enhanced transparency. U.S. economic and military assistance to Jordan signals our strong support of and appreciation for an important ally in the Middle East region.

Economic Support Funds (ESF) for Jordan are used for USAID programs that focus on three objectives: (1) increasing economic opportunities, (2) strengthening water resources management; and (3) improving social sector development (including education and healthcare) and governance.

U.S. assistance to expand economic opportunities for Jordanians is designed to build on the economic reforms achieved to date by striving for a more transparent, efficient, and responsive public sector, more effective legal and regulatory reforms, and greater private sector growth, especially in terms of capitalizing on the U.S.-Jordan Free Trade Agreement (FTA). Promoting economic growth in Jordan enhances its level of employment and political stability and will also permit a gradual decrease in U.S. assistance and open new opportunities for U.S. investment and export sales. U.S.-funded water sector programs will aim to strengthen key institutions and policies, optimize the availability, allocation, and use of limited water resources and waste-water treatment capacity, and improve environmental protection. U.S. assistance will also fund continued primary healthcare and family planning initiatives; improve and expand early

childhood and secondary education, including vocational and life skills training; and promote good governance, particularly in the legislature, and civic participation and transparency initiatives.

The Department of State and USAID have finished the joint review of the overall strategic direction of the USAID/Jordan portfolio and will continue a dialogue with the Jordanians to ensure the program is complementary of the goals and objectives of the Middle East Partnership Initiative.

Jordan is critical to U.S. security interests in the region. Foreign Military Financing (FMF) programs buttress Jordan's ability to maintain secure, peaceful borders with its neighbors and help Jordan's armed forces modernize and improve readiness and interoperability with the U.S. Jordan will use its \$206 million in FY 2006 FMF funds to shift its focus from force modernization to counter-terrorism and border security efforts. Programs such as the UH 60 BLACKHAWK and the C4ISR program will enhance Jordan's ability to monitor its borders and respond rapidly to any incident at anytime.

Jordan's IMET program is one of the largest and most productive programs in the world. IMET training reinforces democratic principles of civilian control of the military, enhances interoperability with U.S. forces, promotes military professionalism, and reinforces the importance of a strong, cooperative political/military relationship with the United States among the Jordanian officer corps. Jordan sends students to Professional Military Education (PME) courses including U.S. senior service schools, Command and Staff Colleges, and other key PME courses. Jordanian attendance at key PME courses has helped foster one-to-one relationships that are paying invaluable rewards in the form of interoperability, access, coordination and mutual understanding especially in terms of the on-going war on terrorism. IMET-funded maintenance, logistics and specialist training provide military leaders with the skills to maintain stocks of U.S. equipment, and enhance Jordan's value as a training and coalition partner. In addition, Jordan is eligible in FY 2006 to receive U.S. Excess Defense Articles (EDA) under section 516 of the Foreign Assistance Act; this enables the government to make maximum use of scarce funds for critically needed equipment and spare parts.

Finally, as part of efforts to prevent the proliferation of weapons of mass destruction, their delivery systems, related technologies, and other weapons, the United States plans to provide Non-Proliferation Anti-Terrorism Demining and Related Programs (NADR) Export Control and Related Border Security Assistance (EXBS) funds for a cooperative program in Jordan. FY 2006 NADR/EXBS funding will provide equipment to assist enforcement officials in their implementation of export control law and regulations.

Lebanon
(\$ in thousands)

Account	FY 2004 Actual	FY 2005 Estimate	FY 2006 Request
DA	400	500	-
ESF	34,794	34,720	35,000
IMET	700	700	700
NADR-HD	900	2,300	1,000

The United States has a strong interest in promoting a stable, independent, democratic, and economically strong Lebanon at peace with Israel and neighboring states. These characteristics will open new opportunities in Lebanon for U.S. investment and exports, help combat terrorism, and contribute to the fight against illegal drugs, violations of intellectual property rights, and trafficking in persons. However, progress toward political, institutional, and economic reform is slow, hampered in part by the legacy of the sixteen-year civil war, the presence of Syrian forces and continued Syrian interference in Lebanese politics, and over \$35 billion in public debt.

The FY 2006 Economic Support Fund (ESF) request of \$35 million for Lebanon will be used to promote economic growth, build democracy and good governance, and protect the environment. The main emphasis of this funding will be on rebuilding the lives of rural Lebanese by targeting three key productive growth-oriented sectors that comprise 35% of Lebanon's GDP, namely Agro-Industry, Information and Computer Technology (ICT) and Tourism. The goal is to create jobs and increase full-time employment, increase agricultural exports and increase the number of tourists and Internet users. This will include helping Lebanon join the World Trade Organization (WTO) in order to encourage trade and investment, globalization, and broad-based reform.

Funding will also aim to change the behavior and thinking of the Lebanese towards the environment by advocating policy reform and demonstrating environmentally-sound and appropriate solutions to environmental problems at the national and local levels, including developing better waste management strategies and promoting water sector restructuring and efficient water management. Activities will capitalize on the initial success of and heightened demand for environmental conservation and health programs and will build on the achievements of the water policy program in water pricing policies and tariff strategies.

ESF funds also will be used to strengthen the foundation for good governance by improving municipal governance, expanding advocacy, and increasing Parliament's responsiveness. Small grants will continue to be awarded to finance activities resulting in transparency and accountability. U.S. support for the American educational institutions in Lebanon encourages the development of civil society. ESF will provide these institutions with both programmatic support and grants for scholarships and core programs.

International Military and Education Training (IMET) funding for FY 2006 will reinforce the democratic principle of civilian control of the military as well as reduce sectarianism in one of the country's major institutions, buttressing progress made in recent years by the Lebanese leadership to develop the Lebanese Armed Forces as a unifying national institution. IMET training also provides an important alternative to military training activities conducted together with Syria and other countries. Lebanese attendance in U.S. Professional Military Education (PME) courses helps foster one-to-one relationships with U.S. counterparts that pay invaluable rewards later in the form of interoperability, access, coordination and mutual understanding. IMET-funded maritime training helps Lebanon in the areas of environmental security, port security and search and rescue operations. IMET-funded maintenance and logistics training will help

increase readiness. Lebanon is also eligible to receive grant Excess Defense Articles (EDA) in FY 2006 under section 516 of the Foreign Assistance Act. Much needed spare parts and equipment to maintain military mobility and readiness are supplied via EDA grants.

Non-Proliferation, Anti-Terrorism, Demining and Related Programs (NADR) funds requested for FY 2006 humanitarian mine action (HMA) will fund completion of a Technical Survey of Lebanon's landmine threat, continue the implementation of the National Strategic Plan for HMA and move the country further along to achievement of a mine-safe status.

Libya
(\$ in thousands)

Account	FY 2004 Actual	FY 2005 Estimate	FY 2006 Request
NADR-EXBS	-	-	1,000

U.S.-Libyan relations have experienced dramatic change since the Government of Libya (GOL) announced in December 2003 that it would give up its weapons of mass destruction (WMD) programs, cooperate with the U.S. and UK to dismantle those programs, and allow IAEA inspections of its nuclear facilities facilities and OPCW inspections of its CW facilities. Since that time, the U.S. response has been measured to correspond to steps taken by the GOL. As part of its engagement, the U.S. is providing limited nonproliferation assistance under the Nonproliferation, Anti-terrorism, Demining, and Related Programs (NADR) account to facilitate Libya's transition away from WMD programs and its role as a purveyor of illicit material.

In conjunction with its decision to dismantle its WMD programs, the Government of Libya explicitly and emphatically requested Western assistance in re-orienting its involved scientists to alternative employment activities that will use their expertise in civilian applications. A joint U.S.-UK redirection scoping study, funded by the United Kingdom, is underway in FY 2005. Preliminary estimates suggest there are likely 250 key personnel and 1,500 support personnel who will need some degree of help. The Nonproliferation and Disarmament Fund (NDF) approved \$500,000 for FY 2004 start up activities and \$2.5 million for FY 2005. Additional funding under the Nonproliferation of WMD Expertise program (NADR/NWMDE) for follow-up activities in FY 2006 is critical to accomplishing this important nonproliferation mission; funding is requested as part of the larger Nonproliferation of WMD Expertise Program request.

Finally, as part of efforts to prevent the proliferation of weapons of mass destruction, their delivery systems, related technologies, and other weapons, the United States plans to provide NADR Export Control and Related Border Security Assistance (EXBS) funds for a cooperative program in Libya. FY 2006 NADR/EXBS funding will position us to bring assistance to Libya to develop and implement an effective export control system if Libya is removed from the list of state sponsors of terrorism. FY 2006 NADR/EXBS funds will focus on improving Libya's legal/regulatory, licensing and enforcement procedures and capabilities.

Morocco
(\$ in thousands)

Account	FY 2004 Actual	FY 2005 Estimate	FY 2006 Request
DA	5,400	6,000	6,000
ESF	-	19,840	35,000
FMF	9,940	15,128	18,000
IMET	1,997	1,875	1,875
INCLE	-	2,992	2,000
NADR-TIP	350	-	-
Peace Corps	3,110	3,382	3,559

Morocco continues to be on the front lines in the global war against terrorism and a staunch regional ally. The May 16, 2003, terrorist attacks in Casablanca continue to resonate in the country and the Moroccan government is cognizant of the need to focus resources on addressing poverty as a contributing factor to discontent, and even terrorism. Morocco remains fully committed to its political and economic reform agenda and co-hosted with the United States in December 2004 the first meeting of the Forum for the Future aimed at creating an open, flexible dialogue between the countries of the Broader Middle East and North Africa (BMENA) and the G-8 on the subject of reform in the region. It is in the United States' interest that Morocco -- a moderate Arab state, whose leadership is committed to a democratic transformation -- succeed.

In 2004, the USAID Mission in Morocco developed a new multi-year strategic plan to address recent challenges including the war on terrorism and the imminent implementation of the Free Trade Agreement (FTA) that is fully consistent with the goals set out by the Middle East Partnership Initiative (MEPI). The State Department and USAID worked closely together to ensure that the \$6 million in Development Assistance (DA) and the \$35 million in Economic Support Funds (ESF) requested for Morocco in FY 2006 are aligned and targeted to support common policy and programmatic goals and build on successful efforts begun in FY 2005. These goals include education reform, economic growth, private sector development, and increased transparency and access to the political system. The increase in FY 2006 ESF reflects a renewed U.S. commitment to support and assist Morocco in its efforts to expand reforms and integrate more fully into the global economy.

Education programs, both DA and ESF, will focus on increasing opportunities for skills development and employment training in part by improving the capacity of schools to deliver accessible, quality, and relevant education. Particular projects may include need-based scholarships directed towards girls and at-risk boys. In FY 2006, increased ESF will be used to build on groundwork laid in FY 2005 in order to develop training materials and train faculty, as well as improve schools, women's literacy programs and train middle school directors and school committees.

Economic programs will aim to improve life and generate economic opportunities in urban slums, enhance Morocco's capacity to provide basic needs and services, and ensure that the U.S.-Morocco Free Trade Agreement (FTA) does not create a new wave of rural migrants to already overcrowded urban areas. Technical assistance and business development, funded by ESF and DA, will seek to enhance the positive impact and ensure the success of the FTA. In FY 2006, ESF-funded activities will shift focus from market research to an increased provision of technical assistance and training to selected outward-oriented industries to take advantage of previously identified market opportunities. Agricultural policy and economic policy and governance reform activities will expand in FY 2006 from their initial focus on FTA related issues to other areas such as land tenure and access to finance for small farmers and agribusinesses.

Democracy and governance assistance will focus on improved government responsiveness to citizens, including improving the performance of local governments, encouraging transparency in governance, and parliamentary training. MEPI ESF will supplement bilateral ESF in working on such projects as political party development, parliamentary strengthening, and media training. FY 2006 ESF will continue programs that aim to help the Moroccan Parliament shape policies and put into motion laws, norms, and standards that will set the environment for the national policy arena in the legislative branch of government. Funds will also support activities that seek to strengthen the capacity of public sector management and auditing in the executive branch, while also working to help ensure governance capacities based on democratic practices at the regional and local government levels.

FY 2006 International Narcotics and Law Enforcement (INCLE) funds will continue ongoing programs, which help address the challenges of Morocco's large and porous borders and weak border controls. Illegal migration, smuggling of goods and people, narcotics production and trafficking and transiting of terrorists have served to undermine the rule of law in Morocco, foster public corruption, and weaken the Moroccan institutions that assist the U.S. in the war against terrorism. INCLE-funded activities include training and technical assistance by U.S. Customs officials, assessing Morocco's automated fingerprint identification system, and providing law enforcement equipment and training. Project goals include the reduction of trans-border criminal activity, increased customs revenue collections, improved processing of travelers and goods at ports of entry, the creation of democratic and effective law enforcement institutions that foster trust on the part of citizens, as well as other activities designed to foster positive police relations.

In addition to economic assistance, the United States provides military assistance to Morocco through the International Military Education and Training (IMET) and Foreign Military Financing (FMF) programs. For the past decade, Morocco has utilized FMF allocations to maintain U.S.-origin equipment, usually acquired from the U.S. as Excess Defense Articles (EDA). As equipment ages, the costs to ensure operational readiness continue to grow. FY 2006 FMF funds will support Moroccan efforts to sustain and maintain this U.S.-origin equipment, help Morocco meet growing security challenges posed by terrorism by enhancing its capacity to monitor and secure strategic chokepoints. The Straits of Gibraltar have always been plagued by illegal immigration and drug smuggling, but recent events--the 2002 Al Qaeda plot to attack ships in the Strait and the subsequent Casablanca and Madrid bombings--highlight the changing nature of the threat in the immediate area. The May 16, 2003 bombings also make clear that Morocco must do more to deal with terrorist threats. The increase in FMF will fund a new maritime initiative that will greatly enhance Morocco's capacity to patrol its northern littoral zone. Morocco is eligible in FY 2006 to receive EDA under section 516 of the Foreign Assistance Act. These transfers help to sustain and promote interoperability with the U.S. and NATO forces.

The FY 2006 IMET request will support ongoing programs that send over 70 students each year to Professional Military Education (PME) courses at U.S. service schools. Through training and relationships developed with U.S. counterparts, the IMET program increases awareness of human rights norms, fosters respect for the principle of civilian control of the military and the rule of law, provides military leaders with skills to maintain U.S. equipment and helps foster one-to-one professional relationships that improve interoperability, mutual understanding, as well as provide U.S. access to the highest levels of the Moroccan armed forces.

Oman
(\$ in thousands)

Account	FY 2004 Actual	FY 2005 Estimate	FY 2006 Request
FMF	24,850	19,840	20,000
IMET	825	1,100	1,100
NADR-EXBS	400	400	500

Oman occupies a strategic location on the Arabian Peninsula and on the southern shore of the Strait of Hormuz. As the Strait forms a key naval chokepoint for a very large percentage of the world's oil and gas shipments, the Oman-U.S. relationship is critical to U.S. defense interests, not only in the Persian Gulf region, but also globally. Since concluding a bilateral agreement with Oman in 1980, the United States has had access to Omani military bases. This has proven invaluable for U.S. combat support and readiness in the Gulf. Oman was a stalwart supporter of the U.S.-led Operation Enduring Freedom (OEF), providing critical support in a wide variety of areas. Oman has also been an active, long-time supporter of U.S. political and military initiatives vis-à-vis Iraq. The United States has a critical interest in ensuring that Oman continues to participate in efforts to promote regional stability, as well as in retaining access to key Omani military facilities.

FY 2006 Foreign Military Financing (FMF) funds will continue to enhance Oman's capability to monitor its land, sea, and air borders, including the vital Strait of Hormuz, and improve their interoperability with U.S. forces. This capability directly supports the war on terrorism, complements expanding maritime interdiction operations, and helps ensure that the deployment route to the Gulf remains unobstructed. These funds also tangibly demonstrate U.S. support for a moderate Gulf ally that will remain indispensable with regard to future contingencies in the region. FY 2006 FMF funding will provide for coast surveillance equipment, communications equipment, night vision devices, logistics management, and munitions.

International Military Education and Training (IMET) program also serves to enhance the U.S. military relationship with Oman. IMET-funded training provided to Oman covers a broad range of areas to include Professional Military Education (PME), English language, technical and logistics training, medical corps development, demining efforts and maritime operations. IMET training reinforces democratic principles of civilian control of the military, enhances interoperability with U.S. forces, promotes professionalism and reinforces among core supporters of the regime the importance of a strong, cooperative political/military relationship with the United States. Omani officer and non-commissioned officer attendance at technical training and PME courses help foster one-to-one relationships that pay invaluable rewards in the form of access, operational coordination and mutual, professional understanding. Maintenance, logistics and specialist training will also serve to enhance the Sultanate of Oman's military's value as a training and coalition partner. Oman is eligible in FY 2006 to receive Excess Defense Articles (EDA) on a grant basis under Section 516 of the Foreign Assistance Act. Oman will use the EDA to improve its ability to monitor its borders, particularly near the vital Strait of Hormuz, and to improve interoperability with U.S. forces

As part of its efforts to prevent the proliferation of weapons of mass destruction, their delivery systems, related technologies and other weapons, the United States plans to provide Non-Proliferation, Anti-Terrorism, Demining and Related Programs (NADR) Export Control and Related Border Security assistance (EXBS) funds to a cooperative program to help establish an effective export controls in Oman. FY 2006 NADR EXBS funding is focused on improving legal/regulatory, enforcement and licensing procedures and capabilities.

Saudi Arabia

(\$ in thousands)

Account	FY 2004 Actual	FY 2005 Estimate	FY 2006 Request
IMET	24	25	25

Saudi Arabia has over the past decade provided operational support for Operation Southern Watch and related programs, and since 9/11 has been instrumental in providing crucial, regional political and logistical support for the Global War on Terror. Continued military-to-military contacts will encourage the development of a professional military command and armed forces. This will permit a greater level of transparency and cooperation, and allow the Kingdom to assume a greater role in its own self-defense, thereby assisting the United States in achieving its policy goals in the region.

The relatively modest amount of International Military Education and Training (IMET) funds requested in FY 2006 (\$25,000) will permit the Saudi government to purchase military training in the United States at considerably lower cost than is charged countries that are not eligible for IMET. While Saudi Arabia controls the world's largest oil reserves, it faces increasing budget pressure. The Saudi military consequently enjoys diminished funding, and, as a result, has sought less expensive -- and less effective -- training from other countries. These steps have led to diminished experience with U.S. equipment and techniques, which in turn risks a decrease in the interoperability of Saudi armed forces with those of the United States and a subsequent loss of influence and defense sales to U.S. contractors.

Providing IMET to Saudi Arabia ensures a continued high level of Saudi attendance at U.S. military training institutions. Such attendance provides the skills necessary for Saudi officers to maintain a sophisticated level of military expertise geared towards interoperability with U.S. forces; it also permits continuing maintenance of the extensive inventory of sophisticated military systems that U.S. corporations sell to the Kingdom. Greater exposure to training in the United States will help Saudi military personnel understand U.S. values, ideas, and policies. The program also increases awareness of international norms of human rights and fosters greater respect for the principle of civilian control of the military and the rule of law.

Tunisia
(\$ in thousands)

Account	FY 2004 Actual	FY 2005 Estimate	FY 2006 Request
FMF	9,827	9,920	10,000
IMET	1,899	1,875	1,875

Tunisia is a strong U.S. ally in the Arab world. It is a leader in women's rights, economy, and education. Tunisia has consistently supported the United States on a wide variety of issues, and is a valuable partner in the global war on terrorism.

The FY 2006 request for Foreign Military Financing (FMF) and International Military Education and Training (IMET) will encourage continued Tunisian support for U.S. Middle East policies. The Tunisian Armed Forces have worked very closely with U.S. forces to achieve a level of skill and operational readiness, enhancing Tunisia's effectiveness as a counterterrorism partner. Tunisia is threatened by terrorism and its ability to monitor its borders effectively has grown in importance. FMF funding will help give Tunisia the capacity to apprehend and defeat indigenous and transnational terrorist elements, increase border monitoring using a combination of air support assets and tactical ground surveillance and response capabilities, furthering Tunisia's value as an ally in the global war on terrorism. FMF funding will help Tunisia to address its military transformation program in addition to its mobility and systemic maintenance and logistical shortfalls, especially in the aviation field, that are affecting the military's operational capability to monitor and secure Tunisia's porous land and maritime borders.

Seventy percent of the Tunisian military's equipment is U.S.-origin, aging, and cannot be maintained within Tunisia's current defense budgets. The Tunisian government wishes to transform its military to one that responds rapidly to terrorism as well as to one that is able to project peacekeepers when the UN or African Union requires. Tunisia currently maintains a significant portion of its peacekeepers in the Congo and in the past has sent peacekeepers to Haiti, Cambodia, Somalia, Kosovo, and Bosnia. FMF will assist in this ongoing effort by supporting the sustainment and maintenance requirements of critical aviation and maritime assets, tactical vehicles, border surveillance and communications equipment, as well as counterterrorism training and interdiction capabilities. In addition, Tunisia is eligible in FY 2006 to receive Excess Defense Articles (EDA) on a grant basis under section 516 of the Foreign Assistance Act (FAA). Transfer of EDA will assist Tunisia in modernizing its armed forces.

The FY 2006 IMET program will continue to fund U.S. military technical training and professional military education for Tunisian non-commissioned and commissioned officers. IMET funds have been used to enhance Tunisian officers' English language skills and increase their familiarity with U.S. military practices, including legal and international/maritime law training. This training promotes the U.S. goals of regional stability and democracy by reinforcing the democratic principle of civilian control of the military and by increasing exposure of Tunisian military officers to U.S. standards and values. IMET-funded maintenance, logistics and specialist training provide soldiers, sailors, and airmen with the skills needed to maintain Tunisia's stocks of U.S. equipment and enhance Tunisia's value as a regional ally.

Through the former US-North African Economic Partnership, the United States has supported Tunisian efforts to open up the economy to privatization. These efforts continue through the Middle East Partnership Initiative (MEPI), while shifting the focus toward programs supporting political reform and promoting civil society. The Department of State has opened a MEPI program office in Tunisia, one of two in the region.

United Arab Emirates

(\$ in thousands)

Account	FY 2004 Actual	FY 2005 Estimate	FY 2006 Request
NADR-EXBS	250	250	350

The United Arab Emirates (UAE) is the tourism, financial, transportation, trans-shipment, and trade center of the Gulf region, and is home to 20,000 American citizens. Thanks to careful management of its oil wealth and the free trade and open market policies promulgated by its leadership, the UAE is an important regional actor in the Persian Gulf. U.S. relations with the UAE have developed significantly since the 1991 Gulf War, and have only become stronger and more broad-based in the aftermath of 9/11 and the advent of the Global War on Terror. The UAE is open to continued strong relations with the United States and considers its fundamental interests and values compatible with U.S. goals.

Relatively modest U.S. technical assistance to the UAE will be critical in helping its federal and emirate authorities to focus their tracking of possible shipments of components of weapons of mass destruction and related materials through UAE ports and airports. As part of efforts to prevent the proliferation of weapons of mass destruction, their delivery systems, related technologies, and other weapons, the United States plans to provide Non-Proliferation, Anti-Terrorism, Demining and Related Programs (NADR) Export Control and Related Border Security Assistance (EXBS) program funds for a cooperative program in the United Arab Emirates. FY 2006 NADR/EXBS funding is focused on improving enforcement, and licensing procedures and capabilities.

The Department of State opened a Middle East Partnership Initiative (MEPI) office in Abu Dhabi in August 2004 to manage MEPI activities throughout the region. MEPI funds in UAE may be made available to provide technical assistance to support international Labor, Intellectual Property Rights, Agriculture, and Customs standards in adherence with MEPI's goal of encouraging free trade in the region.

West Bank/Gaza

(\$ in thousands)

Account	FY 2004 Actual	FY 2005 Estimate	FY 2006 Request
ESF	74,558	74,400	150,000
P.L. 480 Title II	4,955	-	-

An increase in U.S. assistance to the West Bank and Gaza will contribute directly to a core U.S. foreign policy goal: advancing the Roadmap for Peace in the Middle East and the President's vision of two states living side-by-side in peace and security. Following the Palestinian Authority (PA) Presidential elections and in anticipation of continued progress on reforms, the United States seeks to foster institutions that will provide the foundation for a democratic government committed to peace. By supporting good governance and institution building, responding to humanitarian needs, helping the private sector, and developing infrastructure, U.S. engagement promotes stability and encourages Palestinian leadership committed to reform.

Economic Support Funds (ESF) significant programs in six areas: private sector development, water resources, democracy and governance, health, community services, and higher education. The requested increase for FY 2006 will focus on immediate humanitarian needs and longer term economic development, with specific attention to reconstruction of Gaza and revitalization of the Palestinian economy in the wake of Israel's withdrawal; necessary foundations for emerging democracy such as institution-building and civil society strengthening; and infrastructure development, especially water. In addition, \$41 million of the increase will replenish funding reprogrammed from the Gaza desalinization plant to provide immediate assistance to the Palestinian people in the post-election period.

U.S. assistance to the Palestinian people is fully supported by the Government of Israel, and is coordinated closely with other donors to ensure maximum impact and minimum overlap. The bulk of U.S. programs are carried out through contractors and NGOs. USAID maintains close accounting of all funds, and is confident in the fiscal accountability and transparency established by the Finance Ministry under Minister Fayyad. Working with the country team, USAID carries out background checks on all Palestinian NGOs that are recipients of funds to ensure that there are no links to terrorist organizations or to organizations that advocate or practice violence.

As directed by Congress, the Inspector General is now supervising audits of all on-going projects. USAID engineering staff based in the West Bank and Gaza regularly visit project sites to review progress and identify problems. Finally, regular project evaluations and funds research analysis are conducted by USAID to ensure that effective programming tools are utilized and that critical development needs are addressed.

Yemen
(\$ in thousands)

Account	FY 2004 Actual	FY 2005 Estimate	FY 2006 Request
ESF	11,432	14,880	30,000
FMF	14,910	9,920	10,000
IMET	886	1,100	1,100
NADR-EXBS	470	525	500
NADR-HD	773	700	1,000
NADR-SALW	-	-	800
PKO-SUP	5,000	-	-

Yemen continues to be an essential U.S. partner in the global war on terrorism. While the U.S. and Yemen have made great progress in uprooting the al-Qaeda presence in the country, Yemen requires continued U.S. material support to be successful in its ongoing counterterrorism efforts. The Republic of Yemen Government (ROYG) has undertaken significant strides toward opening its multi-party political system to full public participation, including by women. Yemen is evolving into a multi-party democracy and is slowly taking necessary steps to move its economy away from oil dependence. U.S. assistance to Yemen is critical to ensure that these policies continue on track and serve as an example to other countries in the region.

The request to increase ESF funding in FY 2006 is critical to demonstrating U.S. Government (USG) commitment to assist the ROYG in poverty alleviation and economic transformation. Yemen is one of the world's poorest countries, and its pressing economic and development needs are a complicating factor in its struggle to root out terrorist elements. These needs are particularly compelling in Yemen's remote tribal areas, where the central government does not exert full day-to-day authority. USG development assistance will reinforce diplomatic, military, law enforcement, counter terrorism and intelligence cooperation by focusing on practical, visible, high and fast impact services in health, basic education, agriculture and democratic reform. In accordance with the ROYG's expressed priorities, assistance will focus on five remote, tribal and very poor governorates where the USG and the ROYG are seeking the support of the Yemeni tribes in the war on terrorism.

The Development Team at the U.S. Embassy in Sanaa, led by USAID/Yemen, will work closely with the ROYG to help develop a healthy and educated population with access to diverse economic opportunities. Assistance will focus on increasing income opportunities and food security in Yemen by assisting small farmers, especially women involved in agriculture, in remote rural areas to improve their ability to grow crops and raise animals, and to gain access to markets for their agricultural products. Support for activities in microfinance, small and medium business, cultural tourism, and custom and trade will also be undertaken, along with the necessary support to accede to the World Trade Organization.

In order to improve child and maternal health in Yemen, funds will support a number of activities, including training 700 health workers, renovating 81 health facilities, and providing three mobile health units to select governorates. In education, U.S. assistance will fund the renovation of 120 school in 2005 and 100 in 2006, as well as providing teacher training for 1,000 teachers in 2005 and 1,500 in 2006. Furthermore, USG assistance will promote democratic development in Yemen by supporting activities to strengthen Parliament, train party officials and local councils, improve electoral participation and processes, support conflict resolution, and strengthen the capacity of NGOs and community based organizations in Yemen. The USG will also continue to support the ROYG's fiscal decentralization efforts.

The ROYG has been invited by the Millennium Challenge Corporation (MCC) to submit a Concept Paper for the Millennium Challenge Account Threshold Program (MCA-TP). If Yemen is accepted as an MCA-TP country, the U.S. Mission (particularly USAID/Yemen) will play a key role in supporting the implementation of the MCA-TP activities. Any funding received will be used to target corruption and rule of law issues in Yemen and will not duplicate the efforts of ongoing assistance programs. The ultimate goal is for Yemen to qualify for an MCA compact in 2007.

The Foreign Military Financing (FMF) and International Military Education and Training (IMET) funds requested in for FY 2006 will continue to directly support U.S. counterterrorism goals through the ongoing improvement of Yemen's ability to act against terrorist elements both unilaterally and in cooperation with the U.S. Building on the foundation of previously furnished U.S. equipment and training and bolstered by the recent counterterrorism operational successes, the ROYG conventional military and special forces are steadily moving towards becoming an important ally in the Global War on Terror.

FY 2006 FMF will support essential military training, sustainment, and maintenance of existing U.S. furnished military equipment and support for the Yemeni Coast Guard. This will assist the ROYG to control its long, rugged borders and littoral waters in an effort to stem the flow of terrorists and weapons into and through its nation. Funds will be used to provide patrol boats, communications equipment, training, maintenance of port facilities and vehicle fleets, repair parts for vehicles and aircraft, and support for Yemen's National Counter Terrorist Coordination Center.

IMET will continue to fund U.S. military training and the professional and technical education of Yemeni military personnel as the military force strives to adapt Western practices and doctrine, thereby increasing their versatility and utility as a coalition member. The IMET program will help military leaders in Yemen understand U.S. practices, increase awareness of international norms of human rights and foster greater respect for the principle of civilian control of the military. Sending Yemenis to Professional Military Education (PME) in the U.S. helps establish one-to-one relationships with U.S. counterparts that pay invaluable rewards later in the form of interoperability, coordination and mutual understanding. Increased IMET-funded English language training will also improve the Yemeni military's interoperability with U.S. forces.

Yemen is eligible in FY 2006 to receive Excess Defense Articles (EDA) on a grant basis under Section 516 of the Foreign Assistance Act. Transfer of grant EDA to Yemen will be used to continue development of a basic coast guard. This equipment is imperative to Yemeni efforts to improve monitoring of illegal trafficking through its waters and enhancing the safety of vessels passing through the Bab el Mendeb Straits.

Additionally, programs in Yemen funded by the Non-Proliferation, Anti-Terrorism, Demining and Related Programs (NADR) account are progressing at an excellent rate. In addition to supporting an on-going demining effort, NADR funding supports export control and related border security assistance efforts and small arms and light weapons programs.

Requested support for humanitarian demining will help Yemen achieve a mine safe status in two ways. First, the National Mine Action Center will be able to implement the Humanitarian Mine Action Strategic Plan it developed with previous U.S. assistance. Second, Yemeni deminers, trained by U.S. Special Forces, will be able to complete clearing the remainder of the mine affected areas that adversely affect the country's economy.

As part of its efforts to prevent the proliferation of weapons of mass destruction, their delivery systems, related technologies and other weapons, the United States plans to increase NADR Export Control and Related Border Security assistance (EXBS) funds to a cooperative program to help establish fully effective

export controls in Yemen. FY 2006 NADR funding will focus on improving enforcement and licensing procedures and capabilities.

The Yemeni government's efforts to curb the cross-border trade in small arms and light weapons (SALW) are bolstered by the 2002 resolution of the border dispute with Saudi Arabia. Cooperation is improving between the two governments on counterterrorism operations and on interdicting border smuggling. The NADR-SALW funding request for FY 2006 will allow the United States to assist in these cooperative efforts at a key juncture both in the Global War On Terror and in Saudi-Yemeni border security. Funds will be directed primarily toward training and equipping Yemeni forces to deter cross-border and internal arms smuggling.

Middle East Multilaterals

(\$ in thousands)

Account	FY 2004 Actual	FY 2005 Estimate	FY 2006 Request
ESF	-	1,984	2,000

After the 1991 Madrid Peace Conference (at which the bilateral track of the peace process was initiated), the U.S. constituted the multilateral track of the peace process with the establishment of five working groups: Arms Control and Regional Security, Environment, Regional Economic Development, Refugees, and Water Resources. The Middle East Multilaterals ESF program was initiated in 1995 to support the work of the multilateral track. The objectives of the program are to promote cooperation among Israelis and Arabs and to bring to bear the expertise and resources of the international community to support concrete cooperative projects. Through these projects, Israeli and Arab participants have developed strong, sustained working relationships, while working on issues of common interest and critical importance to the region. This work has helped to promote Israeli-Arab reconciliation, regional stability, and prosperity in the Middle East. The United States is able to leverage its support for the multilaterals by getting other international donors (EU, Canada, France, Germany, The Netherlands, Japan, South Korea, among others) to also support this work. As co-sponsor of the peace process, the U.S. must maintain its leadership role in the multilaterals. As the United States works with the parties in the region and others to encourage them to take steps to end the violence, restore confidence and resume negotiations, continued U.S. support for multilateral activities is essential to help build an atmosphere of trust and cooperation in the region.

In FY 2006, funds will be used to continue support for multilateral projects already underway and initiate new projects as agreed to by the regional parties. In the areas of water and the environment, two critical fields in which regional parties must work together, U.S. sponsored projects will continue to focus on cooperative activities that support and complement the parties' bilateral contacts. These projects are focused largely on Israel, Jordan, and the Palestinians, with additional participation in a few projects by Egypt, Tunisia, Morocco, and Oman. FY 2006 funding also will be directed to new and ongoing initiatives in areas such as water data banks, public awareness and water conservation, water information networks, desalination, watershed monitoring, irrigation management systems, and dryland management. The Refugee Working Group, working closely with the bilateral donors and the United Nations Relief and Works Agency (UNRWA), exerts a stabilizing influence in the Middle East by helping coordinate humanitarian assistance to more than 3 million Palestinian refugees. FY 2006 funds will be used for continued support of a scholarship fund for Palestinian Refugee Women. The Arms Control and Regional Security (ACRS) Working Group plays a vital role in reducing tensions in the region by bringing together Arab and Israeli security experts to discuss issues of mutual concern. FY 2006 funds will be used to support ACRS Track II workshops and seminars that focus on various issues, such as regional security and economic development, affecting the region. Participants include government officials, business executives, journalists and academics from the Middle East and elsewhere. FY 2006 funds may also be used, as resources allow, to support other programs not directly linked to the multilateral working groups that promote Arab-Israeli ties, such as: the Middle East Cancer Consortium; a regional seismology working group; non-governmental organizations espousing tolerance and coexistence; and groups promoting economic partnerships.

One clear measure of success of the Multilaterals program is that despite the last four plus years of the Intifada and the concomitant political stalemate in the region, the regional parties (especially Israel, Jordan, and the Palestinians) have remained strongly committed to the multilateral activities. The Middle East Regional Cooperation (MERC) program (another ESF program), which is a competitive grants program for Israeli-Arab cooperation, is complementary to the Multilaterals program.

Middle East Partnership Initiative

(\$ in thousands)

Account	FY 2004 Actual	FY 2005 Estimate	FY 2006 Request
ESF	89,469	74,400	120,000

Reform and progress towards democracy in the Middle East are of strategic, long-term importance to the national security interests of the United States. As the President emphasized at the Sea Island Summit on June 10, 2004, “across the Middle East consensus is emerging on the need for change [and] we have an obligation to support [the region] in their search for a freer, more prosperous future.” By promoting democratic change and freedom throughout the region, the Middle East Partnership Initiative (MEPI) will be a critical element in efforts to combat extremism and to address the root causes of terrorism. MEPI also will help provide the foundation upon which progress in all areas, in particular the reconstruction of Iraq and progress toward Arab–Israeli Peace, can be sustained.

In FY 2006, MEPI will continue to implement the President’s “forward strategy for freedom” in the Middle East by ensuring U.S. diplomatic and reform efforts in the region align. MEPI is the Administration’s principal inter-agency vehicle for supporting economic, political, and educational reform efforts in the Middle East and championing opportunity for all people of the region, especially women and youth. This budget request supports this Presidential Initiative at a funding level sufficient to ensure meaningful U.S. support and commitment for the continuing regional transformation process.

The \$120 million request for MEPI in FY 2006 will reflect the ongoing joint State/USAID review of assistance programs in the region. In FY 2006, MEPI will be at an advanced stage of implementing projects to support grassroots networks and organizations in almost every country in the region. MEPI is rapidly building the technical capacity of networks and allowing them to take effective ownership in advocacy and sustainability of reform.

Many of MEPI’s programs will take advantage of opportunities in new countries and the political space that MEPI has created to expand programs to new areas of reform, including youth. For example, MEPI’s Partnership School Program plans to work with additional countries to assist with indigenous education reform, including curriculum modernization, training of educators and the use of technology in the classroom. MEPI also will work directly with local organizations, institutions and coalitions to lead regional reform efforts related to rule of law, electoral reform, anti-corruption and transparency, strengthening independent judiciaries and the role of civil society. Programs will include a focus on enhancing the role of youth in the reform process, specifically among young boys. The Middle East Foundation should be established and ready for a substantial funding increase. MEPI funding has been critical to the success of Free Trade Agreement (FTA) negotiations under the Middle East Free Trade Area (MEFTA) and as the Administration identifies the next series of FTA candidates, MEPI economic pillar funding will help meet the President’s goal of completing MEFTA by 2013.

MEPI funds will support some of the specific program initiatives announced as part the G-8 “Broader Middle East and North Africa “ (BMENA) Initiative, which represents a new chapter of the Administration’s efforts to support those indigenous voices calling for reform. BMENA initiatives, such as regional entrepreneurial training centers, civil society and democracy initiatives, and a regional education portal may be supported in a manner consistent with MEPI’s mission through this request.

MEPI builds on four pillars of reform: economic, political, and educational, as well as increased opportunity for all people of the region, especially women and youth.

- *Economic Reform (\$30 million)* - These funds will focus on region-wide economic and employment growth driven by private sector expansion and entrepreneurship. Within the economic pillar, MEPI is concentrating in three key goal areas: trade, investment, and business development. Programs will include technical support for the MEFTA, the Partnership for Financial Excellence, and Executive and Managerial Business Training Seminars. MEFTA technical assistance funding has been critical to the successful completion of FTAs with Bahrain and Morocco. MEPI will continue to support the MEFTA through trade capacity building, business development, and the facilitation of compliance and enforcement. This will help the region develop business opportunities that create jobs.
- *Political Reform (\$45 million)* - MEPI funding will expand the public space where democratic voices can be heard in the political process, the people have a choice in governance, and there is respect for the rule of law. Within the political pillar, MEPI focuses on four principal areas: democracy and civil society, judicial reform, good governance, and media. Programs will include Technical Election Assistance and Monitoring, Political Party Development, Civil Society Support, Judicial Reform and Media Independence and Training. MEPI plans to establish a *Middle East Foundation (MEF)* under its political pillar in FY 2005 that will serve and support MEPI programs and goals across all four pillars, especially at the local/ community levels. MEPI's FY2006 budget request includes \$25 million for fully funding the MEF and its activities. The Foundation will function as a vehicle for issuing grants from both private and public institutions, managing programs, establishing networks among reformers and coordinating and complementing ongoing and planned MEPI activities. In particular, the foundation's grants will encourage community development initiatives and support, local institutions, local governance, and growth of small grassroots organizations.
- *Education Reform (\$30 million)* - Assistance will help create education systems that enable all people, especially women and girls, to acquire the knowledge and skills necessary to compete in today's global economy and to improve the quality of their lives and that of their families. Within the education pillar, MEPI is concentrating in three goal areas: access to education, quality of education, and skills development. MEPI's programs are focused largely, but not exclusively, on primary and secondary education, and are responsive to priorities identified by regional governments. Through the Partnership Schools Program, MEPI will partner with regional governments to transform education by improving the quality of teacher training and performance; building the capacity of administrators (management and training); effectively using technology in education; increasing community participation and private sector support; and improving standards and assessment. MEPI is also supporting the development and distribution of classroom libraries -- Arabic texts of American titles -- for primary school children, exposing them to critical thinking and independent reading. MEPI's work with the Jordan Education Initiative, developing English-as-a-Foreign Language and Civic Education curricula has the promise of application elsewhere in the region, including in conjunction with MEPI's Partnership Schools Program. MEPI's University Partnerships will continue to provide capacity building for regional institutions; its Student Leaders program will develop future leaders inclined toward civic engagement, democracy, and the entrepreneurial spirit.
- *Women's & Girls' Empowerment (\$15 million)* - While all MEPI programs strongly emphasize the role of women and girls, MEPI will dedicate funding for projects specifically to empower women and girls, cutting across the other three reform areas. The MEPI women's empowerment pillar strives to reduce barriers - cultural, legal, regulatory, economic, and political - to women's full participation in society. Within the women's pillar, MEPI is concentrating in three goal areas: business development, political participation, and mutual understanding and outreach. Programs will include the Women's Business Internship Program, a Women and the Law program to support women in the legal profession and improve awareness of women's legal rights; a range of capacity building and networking projects for

women's NGOs across the region; Women's Micro-Finance, Arab Women Judicial Workshop, and Women's Outreach and Documentaries.

Middle East Regional Cooperation

(\$ in thousands)

Account	FY 2004 Actual	FY 2005 Estimate	FY 2006 Request
ESF	5,467	4,960	5,000

Congress initiated the Middle East Regional Cooperation (MERC) Program in 1979 after the Israel-Egypt Camp David Accords. The program fosters mutually beneficial technical cooperation between experts from Israel and its Arab neighbors. While initially limited to Israeli-Egyptian cooperation, since 1992, the program has expanded to include participation by experts from Morocco, Jordan, Tunisia, Lebanon, and the Palestinians. MERC-supported projects promote and strengthen Israeli-Arab ties by demonstrating that peaceful cooperation can yield tangible benefits for all involved. The MERC Program complements the work being done in the Middle East Multilaterals Program by broadening the base of cooperation among Israelis and Arabs to include more academic and non-governmental organization (NGO) experts. Unlike the Multilaterals Program, which is directed primarily toward participating governments as part of the multilateral peace process, MERC encompasses a wider variety of groups and organizations outside of the formal multilateral setting. MERC is a highly competitive program that provides grants based on unsolicited research project proposals from diverse groups, including universities, NGOs, and government laboratories. Continued strong U.S. support for MERC is important to help ensure that Israeli-Arab cooperation is as broadly based as possible.

Despite the conflict in the region, the number of joint Arab-Israeli projects funded by MERC has continued to increase. At present, 35 MERC projects are concurrently active, a number that is more than triple the figures from the late 1990s and higher than at any time in the program's history. FY 2004 was the first year in which a majority of MERC-funded projects did not depend upon the inclusion of a U.S. scientist to facilitate Israeli-Arab cooperation. Interest in the program is also growing, with the number of applications increasing from 24 to 38 to 93 during the last three annual cycles. MERC projects are producing technical accomplishments in a wide variety of fields. For example, a joint Egypt-Israel project successfully induced spawning in grey mullet, a major scientific accomplishment that should ultimately lead to the elimination of the current practice of capturing the larvae in the wild. A Palestinian-Israeli partnership has developed a low-cost, efficient method of screening blood donations for Hepatitis-C, an accomplishment that should ultimately result in reduced transmission of infected blood samples to healthy patients. This project also led to routine screening of blood samples being introduced at the largest hospital in Gaza. In a MERC project on wastewater treatment technologies, a resource center was constructed in the West Bank with laboratories for graduate research and training technicians to monitor treatment plant operation. It also includes facilities for educational tours and school workshops, similar to the activities taking place around the project's original pilot site at an Arab town in northern Israel. As a result of multi-virus testing protocols for plant material developed in a MERC project involving seven Mideast countries, a Palestinian scientist set up a small test lab at his university to which the Palestinian Authority's Ministry of Agriculture is referring growers for certifying seeds on a fee-for-service basis, and there are plans to start a non-profit company to continue performing these tests.

The FY 2006 ESF request will be used to fund projects designed to provide practical benefits to both Israelis and Arabs. MERC projects have included and will continue to include a wide range of important fields with the goal of increasing economic development, protecting the environment, and improving health conditions. Agriculture projects will continue to focus on increasing productivity of livestock and crops, while health projects will address issues such as emerging infectious diseases and other health threats on the increase in the Middle East. Given the importance of water in the Middle East, with its scarcity in particular having serious economic and environmental impacts in the region, MERC will continue to support projects

addressing key water issues such as effective water management, wastewater treatment, and desertification prevention.

Multinational Force and Observers

(\$ in thousands)

Account	FY 2004 Actual	FY 2005 Estimate	FY 2006 Request
PKO	16,213	16,456	19,000

The Multinational Force and Observers (MFO), an independent civil/military international organization, is a critical component of the Egyptian-Israeli Peace Treaty, which in turn is a fundamental element of regional stability. The MFO monitors treaty compliance and provides an effective liaison system between the Israeli and Egyptian defense forces. Attaining a comprehensive peace between Israel and all of its neighbors is a fundamental U.S. goal and critical to protecting U.S. security interests in the Middle East. The Egyptian-Israeli Peace Treaty and its security arrangements, monitored by the MFO, are cornerstones of U.S. efforts to attain such a peace.

The United States has a firm political commitment to provide one-third of the annual MFO operating budget, with the other two-thirds provided by Israel and Egypt. The FY 2006 request will be used to fulfill that U.S. pledge by financing MFO operating expenses, which are anticipated to increase for the first time in more than a decade. Increases are due to the need to refurbish deteriorating MFO facilities (noted in a recent GAO report), increased operating expenses stemming in part from sharp increases in the price of oil, and a declining buying power of the U.S. dollar. The request also supports operating costs associated with new functions the MFO may assume in connection with an Israeli withdrawal from Gaza.

The United States is committed to support the MFO's mission until the parties to the agreement that created the MFO mutually agree that the MFO is no longer necessary. The MFO's long-standing effectiveness is demonstrated by the continued compliance with the treaty and the excellent cooperation between Egyptian and Israeli officials in the treaty's liaison system.

SOUTH ASIA

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Afghanistan

(\$ in thousands)

Account	FY 2004 Actual	FY 2005 Estimate	FY 2006 Request
CSH	31,000	38,000	42,800
DA	148,822	165,800	-
ESF	74,558	223,200	430,000
ESF-ERF	153,000	-	-
ESF-SUP	672,000	-	-
FMF	49,705	396,800	-
FMF-ERF	77,000	-	-
FMF-SUP	287,000	-	-
IMET	674	800	800
INCLE	-	89,280	260,000
INCLE-ERF	50,000	-	-
INCLE-SUP	170,000	-	-
NADR-ATA	7,153	6,000	6,000
NADR-ATA-ERF	10,000	-	-
NADR-ATA-SUP	35,000	-	-
NADR-EXBS	230	250	400
NADR-HD	12,519	12,000	11,000
NADR-SALW	-	500	1,000
P.L. 480 Title II	85	24,030	-
PKO	-	23,800	18,000
PKO-SUP	20,000	-	-
TI	-	-	150,000

Ensuring that Afghanistan continues on its path toward becoming a stable, democratic state will remain a top U.S. national security priority in FY 2006. Afghanistan's ongoing development is critical to both regional stability and to success in the global war on terrorism. With successful presidential elections now complete and national assembly, provincial, and district elections looming on the horizon in 2005, we must continue efforts to develop the newly elected government's capacity to pursue democratic and economic development. U.S. assistance, in coordination with the Afghan Government and international partners, will continue to focus on three interlocking objectives: improved security, development of democratic governance, and reconstruction. In FY 2006, U.S. assistance will sustain and build on FY 2005 accelerated assistance by: expanding security through increased military and police training, judicial sector reform, and a robust counter-narcotics strategy; establishing broad-based and accountable governance through new democratic institutions and an active civil society; delivering a peace dividend for ordinary Afghans through economic reconstruction; and providing humanitarian assistance for returning refugees and displaced persons as needed.

Establishing security is a prerequisite for reconstruction and stability in Afghanistan. The United States leads the international effort to train and equip the Afghan National Army (ANA), which is crucial to both long-term Afghan security and U.S. counter-terror efforts. The United States has already fielded approximately 17,000 ANA troops. The Afghan defense establishment is projected to eventually

encompass 70,000 military and civilian personnel, including approximately 43,000 soldiers in operational units, and we expect to have 30,000 personnel trained by the end of calendar year 2005.

The ANA Central Corps is now fully formed and four Regional Corps headquarters in Gardez, Herat, Kandahar, and Mazar-i-Sharif are being established. In addition to assistance provided through the Foreign Military Financing account, resources have also been provided for the ANA train and equip program through the Department of Defense. In FY 2005 and continuing into FY 2006, additional ANA funding will be provided from a new funding mechanism that will provide necessary flexibility to U.S. Commanders who are in charge of this effort. This funding will be administered by the Department of Defense and will be used to increase the training and equipping of all security forces, provide increased counterinsurgency capability for these forces, and assist Afghanistan in the building of infrastructure so that the Afghan government can begin to train and equip its own security forces.

In FY 2005 and FY 2006 Peacekeeping Operations (PKO) funds will continue to support ANA salary costs. The FY 2006 request for PKO funds will help cover the costs of ANA soldier pay, as well as pay for soldiers in functional support institutions and for selected officials in the restructured Ministry of Defense/General Staff. FY 2006 International Military Education and Training (IMET) funds will be used to increase ANA military officer and civilian leadership, professional and functional management, and English language capabilities. Afghanistan will be eligible in FY 2006 to receive grant Excess Defense Articles (EDA) under section 516 of the Foreign Assistance Act to further the goals of the ANA train and equip program in fielding a modern army capable of supporting Operation Enduring Freedom, securing the borders of Afghanistan, and assisting the United States as a partner in the global war on terrorism.

FY 2006 INCLE funds will support Afghanistan's efforts to firmly establish a stable democracy able to provide for its own internal security. A critical building block for long-term security is the development of a competent national police, border police, and highway patrol. The United States continues to support the efforts of lead country Germany in training the Afghanistan National Police and complements long-term institutional development goals by focusing on basic skills training for existing police and lower-ranked new police. FY 2004 supplemental funds and FY 2005 funds enabled the Department of State to significantly accelerate its police assistance to Afghanistan. The Department trained and provided personal equipment packages to over 33,000 police by the end of calendar year 2004 by establishing Regional Training Centers (RTC) in key provincial locations throughout Afghanistan. The Department also developed a comprehensive Ministry of Interior (MOI) reform program and deployed 30 senior police advisors to the MOI in Afghanistan to assist with implementation. Similarly, FY 2006 funds for the national police, border police and highway patrol officers will provide the resources to continue training efforts as well as support institutional capacity and equipment needs to ensure that the Afghan MOI has the skills, supplies, equipment and infrastructure necessary to support a democratic police force. Funds will be used to:

- Support maintenance and operation costs for eight INL Regional Training Centers (RTC) and police trainer-advisors to continue to deliver a basic training program for low-level officers, provide field training for police officers and deliver specialized courses that build on basic training previously provided to the police;
- Complete Ministry of Interior (MOI) reform efforts that focus on organizational development; community policing initiatives; revenue-generating initiatives; establishment and enforcement of standard operating procedures; and reform of the salary and personnel systems.

FY 2006 INCLE funds will also be used to support the establishment of the rule of law in Afghanistan and to promote international due process and human rights standards. An institutionalized and legitimate justice system staffed with trustworthy and skilled professionals, providing equitable enforcement and fair and

efficient adjudication of constitutionally adopted laws, is critical to the overall reconstruction of Afghanistan. With a focus on criminal justice and professional development, and in close coordination with the Government of Afghanistan, lead nation Italy and other actors, FY 2006 INCLE funds will establish or continue FY 2004 and FY 2005 programs in the following areas:

- **Institutional Development:** Support institutional development of legal institutions through embedded legal advisors in the Ministry of Justice and Interior and the Attorney General's Office to provide legal advice and improve coordination between them. Provide infrastructure support for the expansion of court construction to district levels.
- **Legal Education and Development:** Provide coordinated training for justice and law enforcement personnel to ensure fair and transparent investigation, prosecution and punishment of crimes; support specialized training for judges, prosecutors and defense attorneys on issues such as corruption, trafficking, counter-narcotics and prosecutorial investigations; support professional development through continued support for the bar association, the National Legal Training Center, and law schools; improve public access to justice programs through legal aid clinics; and advance the reintegration of women judges and attorneys into the legal sector.
- **Correctional Facility Reform:** Contribute to the establishment of a modern prison system through a comprehensive program, including advisory services and institutional development; rehabilitation, construction, and equipping of facilities; and personnel training at seven provincial sites.

Finally, FY 2006 INCLE funds will be used to continue the robust, five pillar counter-narcotics effort begun in FY 2005, which integrates alternative livelihoods, eradication, law enforcement, interdiction, and public information. Programs will continue to support the Afghan Government's aggressive and expanded poppy eradication plan as well as public awareness and demand reduction programs.

The United States will transition the Afghan Presidential Protection Service into the role occupied by the Karzai Protective Detail in FY 2005. FY 2006 NADR-ATA funds will be utilized to sustain the training already provided and to progress into additional areas such as program management, logistics and instructor development training. ATA will also provide advanced investigative training and training in penetrating terrorist organizations to appropriate Afghan security forces. Other programs may include Weapons of Mass Destruction (WMD), Crisis Response Team (CRT, providing SWAT training), and Explosive Incident Countermeasures (EIC, training bomb squads). This training is critical to the Afghan government's ability to contain terrorist elements.

FY 2006 NADR-Demining (NADR-HD) funds are requested to extend landmine eradication to new areas, meeting humanitarian objectives while facilitating resumption of economic activity and reconstruction. NADR-HD will continue its focus on technology skills transfer; capacity building; and mine risk education for Afghan non-governmental organizations. FY 2006 NADR-Small Arms/Light Weapons (NADR-SALW) program funding is requested to collect and destroy illicit weapons in Afghanistan, including Man-Portable Air Defense Systems (MANPADS).

FY 2006 NADR-Export Control and Related Border Security Assistance (NADR-EXBS) funding is requested to assist Afghanistan in strengthening its export/border control system to prevent smuggling of items of proliferation concern. The NADR-EXBS program organizes expert-level training to help Afghanistan establish the legal/regulatory framework to control transfers of weapons of mass destruction and related items, and to strengthen the capacity of customs and border security personnel to identify and prevent WMD proliferation. The NADR-EXBS program also provides inspection and detection equipment and training such as hand-held radiation-detection devices.

Afghanistan's successful 2004 presidential election highlighted the long strides the country has taken since the defeat of the Taliban over three years ago, as opponents who previously settled scores through violent confrontation faced off at the ballot box. Economic Support Fund (ESF) resources were instrumental in supporting the voter registration and polling process. National Assembly, provincial, and district elections scheduled for spring 2005, will strengthen Afghanistan's burgeoning democracy. In FY 2006 ESF will be used to continue support for democracy and governance programs, including justice sector and parliamentary development; training of elected government officials and justice sector personnel; civil society development at the national, provincial, and local level; strengthening nascent political parties; promoting human rights; fostering civil service reform; and promoting independent media development. In other areas, ESF will continue to play a critical role in FY 2006 by assisting the Afghan Government with budget support, infrastructure, and development of revenue generation.

Approximately half of Afghanistan's 26.8 million people are unemployed and live in poverty. Virtually all of the country's institutions and much of its infrastructure have been destroyed. To help assure stability, the newly elected government must demonstrate tangible benefits for the Afghan people following successful presidential elections. Completion of the Kandahar-Herat road, targeted for December 2005, will have a measurable impact in this regard. A portion of the requested FY 2006 ESF and Transition Initiatives (TI) funds will be used to build other roads and critical infrastructure including: ongoing construction and repair of secondary and major farm-to-market roads; tunnel and bridge repair; repair of dams and irrigation systems and telecommunications networks; and improving power generation through refurbishment of the existing electrical power grid, construction of electrical transmission grids, and supporting additional thermal power generation in the North. Previous ESF funds have supported major infrastructure projects, including completion of the Kabul-Kandahar road, the reopening of the Salang tunnel connecting the North and South, and the repair of a dam supplying electricity to Kandahar and surrounding provinces. FY 2006 ESF and TI funds will also support private sector initiatives, such as market centers and industrial parks, customs clearinghouses, credit and capacity building for small and medium enterprises, and economic governance capacity building. Additional ESF funds will support programs essential to long-term stability, including continued funding for Provincial Reconstruction Team (PRT) projects to extend reconstruction into hard-to-reach areas.

Agriculture and the rural economy provide a way of life for about 70 percent of the Afghan population. FY 2006 TI and ESF are requested to help farmers re-establish production, become more profitable and efficient, and improve food security. Funds will concentrate on building the capacity of private sector entrepreneurs to meet demand through business and marketing skill development. In addition, agricultural programs in FY 2006 will aim to provide employment for Afghans, rehabilitate water systems, and promote alternative crops in poppy-growing areas. Credit programs for operating and investment capital will support production and processing activities. TI-funded rural development programs include: rehabilitating the irrigation sector and providing tools, agricultural equipment, fertilizer, livestock vaccines, and seed for planting; improving access to markets through rebuilding rural roads and bridges; and establishing a credit facility to address the problem of Afghanistan's heavily indebted small farmers.

Additional TI funds will be used to help ensure that every child in the country has access to primary education (grades 1-6) through community-based school construction, as well as textbook production, classroom-based teacher training, and primary school equivalency/accelerated learning. With respect to school construction programs, resources will be used in partnership with local communities and the Ministry of Education.

Health services are another critical area of development. Afghanistan's child mortality rate is among the highest in the world. One of every four Afghan children dies before the age of 5, and adults face a life expectancy of 46 years. Continued Child Survival and Health (CSH) funds will be needed in FY 2006. The Rural Expansion of Afghanistan's Community-based Health (REACH) project, which is designed to

bring primary health care services to approximately 11 million Afghans, will be completing its fourth year in FY 2006. This project includes building or reconstructing large numbers of local primary health care centers, training midwives and traditional birth attendants, immunizing Afghans against childhood diseases, developing a public health education program, utilizing the capacity of radio broadcasting to provide health training and health promotion across the nation and, in partnership with the Ministry of Health (MOH), developing a sustainable foundation for a nationwide health care system that will introduce concepts of cost recovery and privatization. By January 2005, the U.S. had rebuilt 20 health clinics and hospitals and an additional 199 were under reconstruction or rehabilitation.

Over 3.5 million refugees have returned to Afghanistan since 2001. Although refugee returns are expected to be lower than previous years, large numbers are still expected to continue to return home in 2006. FY 2006 Migration and Refugee Assistance (MRA) is requested to provide critical humanitarian assistance for Afghan returnees through the United Nations, other international organizations, and NGOs. FY 2006 emergency food aid requirements, should they be needed, will continue to be addressed by P.L. 480 Title II sources, as in FY 2005.

Finally, as in previous years, assistance to Afghan women and girls is a strong crosscutting objective, pursued through democracy and governance, agriculture, economic development, education, health, and private sector and humanitarian support programs. Since the fall of the Taliban, the U.S. Government has implemented over 175 projects directly in support of Afghan women and many more that benefit all Afghans, including building the first women's resource center in Kabul; programs providing accelerated learning courses to more than 98,600 girls; and maternal health care benefiting 1.8 million women and children. A significant portion of FY 2006 ESF, TI, and CSH funds will be directed specifically at programs to assist women and girls, including:

- democratic institution building, legal capacity strengthening, women's political leadership and participation, and media training;
- income-generating projects, micro-finance projects, job skills training, job creation, marketing skills, and technical support for textile projects;
- construction and rehabilitation of schools, provision of schoolbooks and supplies, and food rations as incentives for families to send their daughters to school;
- construction of women's wings in hospitals and dormitories for female medical students;
- curriculum development and training for doctors and health care workers; and
- maternal and child health and nutrition.

Bangladesh

(\$ in thousands)

Account	FY 2004 Actual	FY 2005 Estimate	FY 2006 Request
CSH	35,500	31,450	26,200
DA	18,200	16,535	15,700
ESF	4,971	4,960	5,000
FMF	-	248	-
IMET	862	900	900
P.L. 480 Title II	33,451	22,842	50,751
Peace Corps	1,566	1,759	1,776

It is in the U.S. interest to assist Bangladesh, the eighth most populous country and one of a handful of moderate Islamic democracies, to meet steep political and economic challenges. Bangladesh remains hampered by strong political divisions and corruption issues. The economic challenges that lead to extremism – poverty, lack of education, and endemic corruption, combined with porous borders and lack of public faith in elected government – have increased the attractiveness of radical alternatives. Bolstering democracy and advancing development in Bangladesh are, therefore, essential to promoting stability and preventing the spread of terrorist activity in South Asia.

FY 2006 Economic Support Funds (ESF), Development Assistance (DA), and Child Survival and Health (CSH) requested for Bangladesh are each key to battling corruption and curbing the growth of fundamentalism by improving citizen advocacy and government transparency and responsiveness, while advancing economic development and reducing poverty.

Good governance is a prerequisite for democratic development in Bangladesh. FY 2006 DA for democracy is requested to: intensify anticorruption efforts begun in FY 2003; support political party reform to help overcome divisiveness and improve accountability; help level the political playing field for the 2006 elections through technical assistance and sub-grants to NGOs increasing citizen awareness of elected government at all levels; build advocacy skills; and promote human rights. FY 2006 ESF will complement these efforts through additional support for political party reform.

The United States supports a multi-donor effort to develop a government anticorruption strategy. Funds have supported a decentralization debate at the local level and established local government associations at the union (old elected government body) and municipal levels, advocating greater devolution of authority. DA funds support an NGO that assists in the return of trafficked persons and aids in the arrest of trafficking suspects and the conviction of traffickers.

FY 2006 DA is also requested to help diversify exports and accelerate economic growth, particularly in the leather, light engineering, agribusiness, information and technology sectors, through technical assistance and training to promote and develop more market-oriented policies, laws, and regulations. FY 2006 DA funds will be used to improve productivity and competitiveness of small and medium enterprises in these targeted sectors. U.S. support for energy reform efforts focuses on establishing the Energy Regulatory Commission and aims at reducing corruption. Technical assistance will help establish community-based natural resource management capacity for open water and tropical forest resources, provide assistance in food security policy, and promote agricultural diversification to increase food availability. These goals will primarily be met through agricultural research (including ESF-funded activities in biotechnology) and agricultural extension projects (including assistance to family-run farms).

U.S. assistance continues to support the growth of market-oriented policies and practices. DA programs help to diversify exports and increase sales/earnings for assisted businesses, including in the agricultural sector. U.S. assistance also supports improvements in water management, such as floodplain management and the creation of 72 permanent fish sanctuaries. In addition, the U.S.-assisted electrification program increased country coverage of electricity. With U.S. support, a draft Secured Transaction law is under review by the Law Commission, and a draft Information Technology law is under review by the Ministry of Science and Information and Communications Technology. ESF funds will support cooperative research in biotechnology and seismic mapping that will contribute to national disaster preparedness. Additionally, ESF funds will support banking supervision, information/communications technology development, and the provision of other assistance to the Central Bank.

Finally, FY 2006 DA will be used to improve early childhood and primary education. Assistance will increase early childhood development opportunities including through a successful Sesame Street Bangladesh co-production; promote innovative learning methodologies; and expand community and family involvement in schools to strengthen demand for educational opportunity. DA and ESF funding reaches 147,000 children through home-based and school-based preschool programs.

FY 2006 CSH funding targets essential reproductive and maternal health care needs. Bangladesh remains one of the poorest and most populous countries in the world with nearly half of its 140 million people living below the national poverty level of \$1 per day. CSH assistance will improve the availability of health care through continued support for local NGOs that provide health services to more than 20 million Bangladeshis, most of whom are women and children. CSH funds will also provide limited assistance for HIV/AIDS prevention through behavior change in high-risk groups. In addition, CSH funds, through a grant to the World Health Organization, will provide limited support for polio eradication activities in urban areas.

FY 2006 International Military Education and Training (IMET) funds will be used to strengthen our relationship with the Bangladeshi military and ensure that it remains apolitical, which is critical to this fragile democracy. IMET assistance will continue the professional development of Bangladeshi military officers who respect civilian rule of law and who will have influence in shaping their respective services. This assistance will also: further develop Bangladesh Armed Forces' peacekeeping skills (Bangladesh is the world's largest contributor to international peacekeeping operations); pay for U.S. training for officers to serve as instructors at Bangladesh's regional Peacekeeping Center; and enhance interoperability of U.S. and Bangladeshi forces during international peacekeeping and humanitarian assistance missions. Bangladesh will be eligible in FY 2006 to receive grant Excess Defense Articles (EDA) under section 516 of the Foreign Assistance Act. EDA will support U.S. objectives of increased interoperability and standardization in the Bangladeshi military and improved participation in peacekeeping operations.

India
(\$ in thousands)

Account	FY 2004 Actual	FY 2005 Estimate	FY 2006 Request
CSH	47,800	51,022	48,822
DA	22,539	24,000	29,600
ESF	14,912	14,880	14,000
IMET	1,366	1,400	1,200
NADR-EXBS	685	685	600
P.L. 480 Title II	40,869	49,006	43,000

The United States continues to strengthen its strategic partnership with India, an emerging global power and the world's largest democracy. The U.S. partnership with India spans multiple strategic and programmatic fronts, and will continue the further expansion of its military, political, and economic relationships through the U.S.-India Defense Policy Group, the U.S.-India Economic Dialogue, the U.S.-India Counter-terror Joint Working Group, and through sharing views on important international issues. Working through the High Technology Cooperation Group, the United States and India also plan to expand high technology trade. Consistent with U.S. national laws, regulations, and international nonproliferation commitments, we have launched the Next Steps in Strategic Partnership to increase cooperation in civilian nuclear and space areas, high technology trade and missile defense, and encourage India, through bilateral dialogue and technical export control cooperation, to align its export controls with international standards and stem onward proliferation. The United States and India also continue their cooperation in health, science, disaster management, environmental, education, and equity issues.

FY 2006 Economic Support (ESF) funds for India will enable high-profile initiatives that target India's most challenging economic problem – ballooning fiscal deficits – and areas that contribute to civil unrest. Given India's size, programs will operate initially in a limited number of localities before expanding their scope. The FY 2006 ESF request for India has several components. A finance-for-investment component will support state fiscal reforms to reduce deficits that restrict social sector funding. Funds will support efforts to upgrade staff skills, improve management systems, stimulate public demand for improved service, disseminate best investment practices, and increase efficiencies to capture new resources needed for health, education, and physical infrastructure improvements. Concurrently, new capital markets that can fund infrastructure investments and attract direct foreign investment will be deepened and regulated. Prior year ESF funds have assisted the Securities and Exchange Board of India to establish a new division to enable it to meet emerging and future regulatory challenges; create a framework for the testing and licensing of securities market intermediaries; and develop a database of certified securities market intermediaries.

The tsunami that struck southern India in December 2004 is the latest example of the human devastation that can be wrought by natural disaster in South Asia. ESF will augment other U.S. Government tsunami assistance to support disaster mitigation management initiatives that will help improve national, state, and local systems to prepare for and respond to future disasters by installing cutting-edge disaster management systems and equipment. Funds will help strengthen federal and state disaster management institutions using the U.S. Federal Emergency Management Agency (FEMA) and related U.S. Forest Service Incident Command System as models. An infrastructure-for-growth component will support power sector distribution reform, as well as water and urban infrastructure finance reforms that open infrastructure to private investment, thereby increasing municipalities' access to India's capital markets, improving cost recovery, and extending sustainable, quality services. With support from prior year ESF funds, the states of Tamil Nadu and Karnataka were able to develop the financing needed for water and sanitation projects. Finally, an education and opportunity component focusing on women, minorities, and out-of-school youth

will provide practical training to enhance livelihood options. The program will also work with the justice system to help define options for improving access to justice by disadvantaged groups, particularly Muslims and dalits, and help combat trafficking in persons and child labor.

U.S. Development Assistance (DA) programs help ensure that the economic aspect of our partnership moves forward with the same vigor as other elements, provide direct support for Indian-generated reforms essential for economic stability, and promote economic reform and growth in areas where U.S. enterprises are well positioned to compete, such as power generation and distribution. FY 2006 DA funds will continue to support ongoing economic growth initiatives, including programs that aim to increase the capacity of financial markets, strengthen state-level fiscal discipline, increase agricultural productivity, and help local and national governments raise and allocate resources. In addition, funds will support efforts to increase capital access for job-creating small scale enterprises; improve power distribution, groundwater management, urban water availability, and sanitation; and reduce pollution in selected states. DA will also be used to improve opportunities for vulnerable children and groups by expanding their access to justice and education.

FY 2006 Child Survival and Health (CSH) funds are requested to help India slow the growth of its rapidly increasing population, integrate health services and nutrition to improve child survival, and to stem global disease threats, particularly HIV/AIDS, polio and TB. India's population is over 1 billion and it has the world's largest concentration of desperately poor persons. India's ability to achieve sustainable growth and reduce poverty depends greatly on its ability to stabilize its population growth. More than half of India's children are malnourished. Thirty percent of the world's births occur in India, resulting in 20 percent of the world's maternal deaths and 20 percent of the world's child deaths. More than 2 million Indian children die every year from preventable or curable diseases. India accounts for one-third of the global burden of tuberculosis and is one of the last countries where concentrations of polio infections remain. India has 5.1 million individuals that are HIV positive, the second largest concentration in the world after South Africa. There are signs that the epidemic is spreading. If effective action is taken now the epidemic could be contained.

FY 2006 International Military Education and Training (IMET) funds requested will focus on exchange programs to enhance familiarity with each other's armed forces, strengthen professionalism, and facilitate cooperation during joint exercises and strategy discussions. These funds will nurture the close partnership we are forming with India and strengthen India's ability to contribute actively to the global war on terrorism in South Asia. India will be eligible in FY 2006 to receive grant Excess Defense Articles (EDA) under section 516 of the Foreign Assistance Act. Excess Defense Articles will improve interoperability with U.S. forces and will enhance India's productive cooperation with the United States.

FY 2006 Nonproliferation, Anti-terrorism, Demining, and Related Programs funding for the Export Control and Related Border Security Assistance (NADR-EXBS) program is requested to continue activities to assist India in strengthening its export control system. These activities are a core element of our growing strategic cooperation in stemming the spread of weapons of mass destruction, as well as developing avenues for cooperation in the high technology, civil space, and civil nuclear areas. These funds will build on completed and currently scheduled expert-level exchanges addressing subjects such as legal/regulatory reform, licensing automation, and customs enforcement. The NADR-EXBS program also provides technical equipment and training such as specialized radiation detection and imaging machines and training on screening cargo manifest data for enforcement personnel.

Maldives
(\$ in thousands)

Account	FY 2004 Actual	FY 2005 Estimate	FY 2006 Request
IMET	181	175	175

Maldives is a moderate Islamic state transitioning to a fuller democracy from years of autocratic rule. The Government of Maldives (GOM) supports U.S. strategic goals in the region and globally, including the global war on terrorism, and provides access to ports, landing fields, and airspace in support of U.S. missions. U.S. priorities in this small archipelago nation are to maintain stability by strengthening its democratic institutions and to work with the GOM to coordinate policies in international organizations, especially on such issues as drug trafficking, nonproliferation, international crime, terrorism, and the environment. USAID and elements of the U.S. military are engaged in assisting the Maldives to recover from the December 2004 tsunami disaster. Without a U.S. mission in Maldives, engagement continues through regular diplomatic exchanges led by the U.S. Ambassador to Sri Lanka, who is accredited to the Maldives, through the International Military Education and Training (IMET) programs, and through South Asian regional programs.

FY 2005 IMET funding sent a limited number of Maldivian officers and non-commissioned officers to military and technical schools in the United States. FY 2006 IMET funds will continue these military educational opportunities, with the purposes of further professionalizing the Maldivian military; fostering increased awareness of human rights concerns and proper civilian-military relations; and building positive military relations to enhance existing cooperation with the United States. IMET is particularly significant to our bilateral relationship with Maldives because it is our only foreign assistance to this moderate Islamic nation, which seeks closer ties to the United States.

Maldives will be eligible in FY 2006 to receive grant Excess Defense Articles (EDA) under section 516 of the Foreign Assistance Act. EDA will support U.S. objectives of increased interoperability and standardization with the Maldives military and improved participation in peacekeeping operations.

Nepal
(\$ in thousands)

Account	FY 2004 Actual	FY 2005 Estimate	FY 2006 Request
CSH	24,840	23,540	23,000
DA	8,874	10,000	11,392
ESF	4,971	4,960	5,000
FMF	3,975	1,488	4,000
IMET	546	650	650
P.L. 480 Title II	-	1,000	-
Peace Corps	2,108	394	-

Nepal is struggling with the dual challenges of revitalizing and cementing a fragile, young democracy, while fighting a violent Maoist insurgency that has left over 10,000 people dead. Strengthening Nepal to prevent a Maoist takeover is key to achieving U.S. regional and bilateral goals, including preventing the spread of terror, enhancing regional stability, promoting democracy, and protecting U.S. citizens in Nepal. Maoist insurgents employ widespread violence, torture, assassinations, and kidnappings aimed at overthrowing the constitutionally established Government. Victory by the Maoists would put an end to democracy in Nepal. The emergence of a totalitarian anti-U.S. regime likely to join with terrorists and instability in the Sino-Indian border region would likely result.

Ordinary Nepalis are increasingly frustrated that the popular democratic reform of 1990 has not yet been translated into improvements in their lives, which is an underlying factor contributing to the Maoist insurgency. Economic and social disparity, corruption, and a lack of good governance and infrastructure are factors which make Nepalis susceptible to Maoist influence and propaganda. U.S. support for Nepal's counterinsurgency effort consists of a multi-track approach including counterterrorism training and equipment for the military and police, targeted rural development in areas vulnerable to Maoist influence, help in strengthening weak democratic institutions, and human rights training. Additionally, we are assisting in promoting peace through good governance and increased incomes, improving primary health care, curbing population growth, addressing issues related to democracy, facilitating the economic development, and expanding the development of environmentally-friendly hydropower.

By assisting the Government of Nepal (GON) to contain the insurgency, the U.S. Government helped to bring the insurgents back to the negotiating table in early 2003. After the collapse of a seven-month long ceasefire in August 2003, U.S. assistance is helping the GON exert pressure on the Maoists to return to negotiations. Continued U.S. support will be critical in helping the GON to prevail against the insurgents, and reach a peaceful settlement to the conflict, preserve a democratic government friendly to the United States, and prevent the possibility of Nepal failing as a state. FY 2006 Foreign Military Funding (FMF) is requested to provide the GON with the tools it needs to re-establish sufficient security to carry out political, economic, and development programs contributing to a long-term solution to the conflict. FY 2006 FMF will provide moderate levels of funding which, with International Military Education and Training (IMET) funded training, will help provide a modernizing Royal Nepal Army (RNA) with the capability to convince the Maoists that they cannot follow the military path to political power. High priority items include small arms, grenade launchers to outfit a new ranger battalion, night vision goggles, body armor, secure communications equipment, spare parts for mobility platforms, and armor plating. Nepal will be eligible in FY 2006 to receive grant Excess Defense Articles (EDA) under section 516 of the Foreign Assistance Act. The provision of EDA will support Nepal's counterinsurgency capabilities and improve the RNA's counterinsurgency capabilities by providing spare parts and operational and maintenance support.

The United States continues to focus its IMET program in Nepal to address the RNA's intelligence, civil affairs, psychological operations, special forces, medical, and logistics needs. FY 2006 IMET funds are requested for training to improve the skills and professionalism of the military, including respect for human rights. IMET and FMF projects will also enhance the RNA's considerable contributions to international peacekeeping operations.

The Maoist insurgency and consequent increase in government military expenditures have significantly set back economic and political development and reforms. FY 2006 Economic Support Fund (ESF) resources will help the GON enact key democratic and macroeconomic reforms that counter poverty and inequity. FY 2006 ESF programs focus on ameliorating the suffering of conflict-affected individuals and communities, strengthening capacity for conflict resolution and peace building, and increasing income opportunities through: implementing employment-generating infrastructure projects; providing support services to victims of the conflict; assisting the Government's negotiation efforts, and civil society's efforts to address the conflict through community peace-building projects; and enhancing community capacity to resolve disputes and participate in local governance. To address immediate needs, ESF will fund highly visible community-identified rural infrastructure projects that generate short-term employment opportunities and reflect local priorities. Longer-term income-generating programs such as credit programs, literacy and numeracy training, and support for improved agricultural practices will also be provided. In addition, ESF will be used to fund anticorruption and justice sector reform programs. FY 2004 ESF funded a road construction project that employed approximately 600 people in an area where non-farm income is scarce. FY 2004 ESF funds also provided training on election campaigning and leadership skills to approximately 7,000 politically active women, resulting in many women occupying key positions within their parties. In addition, coalitions of women were formed that were able to get commitments from their parties to increase the percentage of female candidates from 5 percent to 30 percent in the next elections.

Development Assistance (DA) and Child Survival and Health (CSH) funds requested for FY 2006 will complement FY 2006 ESF funds and will focus on meeting Nepal's long-term development needs in response to the Maoist insurgency. FY 2006 DA and CSH funds will be used to:

- support improved management of community forests and irrigation systems, small scale farm and forest development projects (including marketing), improve agricultural growth policy, and enhance public-private partnerships;
- improve and protect the health of Nepalese families by increasing access to and use of quality maternal and child health services, prevent the transmission of HIV/AIDS, and control infectious diseases;
- increase private sector participation in environmentally sound and sustainable hydropower; and
- address critical problems of corruption, poor governance, weak rule of law, and inconsistent democratic practices that slow economic development, fuel the Maoist insurgency, and erode public confidence.

In FY 2004, more than 2,300 torture victims benefited from medical, psychosocial, and legal support provided by DA funds. Over the last seven years, DA has funded agricultural and natural resource programs that have benefited 1.8 million farm family members through increased incomes and employment, and have been used to strengthen community and collective action. Since 1995, when DA began funding a hydropower program, private sector investment in the power sector has increased by \$360 million and access to electricity has increased from 15 percent to 18 percent. Moreover, our CSH program has contributed to a 40 percent decline in mortality for children under five years of age in the last six years.

Pakistan
(\$ in thousands)

Account	FY 2004 Actual	FY 2005 Estimate	FY 2006 Request
CSH	25,600	21,000	20,500
DA	49,400	29,000	29,000
ESF	-	297,600	300,000
ESF-SUP	200,000	-	-
FMF	74,560	148,800	300,000
IMET	1,384	2,000	2,044
INCLE	31,500	32,150	40,000
NADR-ATA	3,645	6,000	6,000
NADR-EXBS	535	1,000	700
NADR-TIP	750	-	-
P.L. 480 Title II	13,067	-	-

A strong U.S.-Pakistan partnership remains critical to continued progress in the global war on terrorism and regional stability. FY 2006 security assistance to Pakistan will enable Pakistan to meet its basic security needs; enhance its ability to cooperate in the global war on terrorism; eliminate terrorists including al-Qaida members; and promote stability on its borders. Assistance supporting education, healthcare, democratization, and economic development will alleviate conditions that breed extremism by helping to strengthen social, political and economic institutions in ways that will be recognized by ordinary Pakistanis.

Since September 11, 2001, Foreign Military Financing (FMF) assistance has provided or helped maintain necessary training and equipment for Pakistani forces operating against terrorists including al-Qaida operatives and Taliban remnants. Improved border security and control along Pakistan's border with Afghanistan is also required for this effort. FY 2006 FMF funds are requested for the Pakistan Government's legitimate defense requirements and to help achieve the goal of neutralizing anti-government elements in the border region by providing the Government with necessary equipment and training. Uses for FMF include support of regional stability include upgrade of EDA P-3 aircraft used in maritime surveillance; upgrade and purchase of Close-in Weapons Systems for the Navy; and purchase of TOW IIA missiles; Cobra spares; and various ammunitions. Pakistan will continue to be eligible in FY 2006 to receive grant Excess Defense Articles (EDA) under section 516 of the Foreign Assistance Act. EDA will support U.S. objectives by further increasing interoperability and standardization within the Pakistani military and improved participation in peacekeeping operations.

FY 2006 International Narcotics Control and Law Enforcement (INCLE) funds will continue to improve the effectiveness of Pakistan's law enforcement efforts in three areas: border security, law enforcement coordination and development, and counter narcotics. INCLE funds requested for border security will enhance the capacity of law enforcement agencies in Pakistan to secure the western border with Afghanistan and Iran from terrorists, criminal elements, and narcotics traffickers. U.S. assistance will provide: continuing support for the USG-established Ministry of Interior Air Wing, which includes fixed-wing surveillance aircraft and Huey II helicopters that are based in Quetta, Baluchistan; vehicles, communications, surveillance and related equipment for border control; the establishment of a forward operating base to service the Northwest Frontier Province (NWFP); advanced training to improve the skills of units working on the border; and financing for the construction of border security roads to facilitate law enforcement access to currently inaccessible parts of the Federally Administered Tribal Areas (FATA).

Resources will also support the construction of small-scale infrastructure projects, such as dug wells and mini-hydroelectric schemes that accompany road projects to secure community support.

Pakistani law enforcement institutions require top-to-bottom reform, reorganization, and capacity building to become fully effective. FY 2006 INCLE funds for law enforcement development will provide technical assistance; training and equipment to expand investigative skills and forensic capacities; build accountability and internal control structures; enhance capabilities of the provincial and national law enforcement academies; improve managerial and leadership expertise; and support continuing and expanding community policing and professional standards pilot projects. The implementation of the Automated Fingerprint Identification System and National Criminal Databases, funded in previous years, will be expanded. U.S. programs have already begun strengthening the law enforcement capabilities of the Ministry of Interior, Frontier Corps, Federal Investigative Agency, and Home Department, as well as provincial police forces.

FY 2006 INCLE funds will give operational support to law enforcement agencies, particularly the Pakistani Anti-Narcotics Force, including in the areas of opium poppy surveys and eradication; expanding crop control programs into areas of new or expanded cultivation; and supporting drug demand reduction programs. U.S.- supported road construction enhanced law enforcement accessibility and increased alternative crop development in the 1990s, nearly eliminating poppy production by 2000. The Government is committed to reversing 2002 and 2003 production increases, and U.S.-assisted Pakistani law enforcement agencies in 2004 achieved major heroin and hashish seizures and dramatically increased operations against traffickers. These funds will be used to construct roads in opium growing areas (particularly the non-traditional areas where poppy only recently has been cultivated), to facilitate monitoring and eradication; and to provide economic alternatives through farm-to-market access and opportunities for development projects. This will include small irrigation schemes to improve the economic potential of newly accessible areas and encourage the cultivation of high-value crops and intensive farming. FY 2006 INCLE funds also will be used to introduce alternative crops, such as off-season tomatoes, particularly in the non-traditional areas.

The FY 2006 security assistance request for Pakistan includes International Military Education and Training (IMET) to promote military-to-military cooperation, increased professionalism, including respect for civilian rule and general interoperability between Pakistan and the United States. IMET will also help Pakistan to develop expertise and systems to effectively manage its defense establishment; build technical skills for effective operation and maintenance of U.S.-origin equipment leading to development of indigenous training capabilities on such equipment; and promote respect for human rights and subordination to democratic civilian rule. Reestablishment of the IMET program in 2002 has exposed current and future military leaders to U.S. military doctrine, management techniques and ethos.

Funding for the FY 2006 Nonproliferation, Anti-terrorism, Demining, and Related Programs/Export Control and Related Border Security Assistance (NADR-EXBS) program is requested to fund activities to assist Pakistan in preventing WMD and related technology transfers that raise proliferation concerns by strengthening its export control system. The NADR-EXBS program organizes expert-level training addressing subjects such as legal/regulatory reform, licensing automation, and customs enforcement. The NADR-EXBS program also provides technical equipment and training such as specialized radiation-detection and imaging machines and more general inspection/detection training for border control personnel.

The FY 2006 NADR request for Pakistan also includes Anti-terrorism Assistance (NADR-ATA) funding to ensure that training programs being delivered to vetted, elite national police units with a national mandate for counter-terrorism investigation and tactical operations can continue until they are fully trained and equipped. These units will be provided with additional mission-specific training to respond to and

investigate acts of terror anywhere in Pakistan. The additional training will be determined by the needs identified by the ATA in-country training program, the Pakistani Government, and assessments conducted by the Department of State's Bureau of Diplomatic Security. This funding is essential to achieving a requisite level of counter-terrorism capability in Pakistan and to ensuring that such a capability can be independently sustained over the long-term.

FY 2006 Economic Support Fund (ESF) resources are requested to continue U.S. support for macroeconomic stabilization in Pakistan and to assist government education, healthcare, economic growth, and democratization efforts. Up to \$200 million of FY 2006 ESF funds will be provided as budget support to allow the Government fiscal flexibility to carry out economic and social reforms and expand its poverty alleviation programs. Additional ESF funds will be used for programs in the education, health, governance, and economic growth sectors, complementing and multiplying the effectiveness of Development Assistance (DA)-funded programs as described below. ESF funds will also enable existing U.S. programs to expand and reach greater numbers of poor Pakistanis, leveraging the popular support needed for Pakistan's continuing cooperation with the global war on terrorism. ESF reduced Pakistan's U.S. bilateral debt by \$1 billion in FY 2003 and an additional \$460 million in FY 2004. U.S. debt reduction and prior comprehensive donor debt rescheduling enabled Pakistan to reduce its total government debt from 89 percent of GDP in 2000 to 64 percent of GDP in 2004.

Pakistan's national elections in October 2002 restored civilian government at the national and provincial levels that, over the next few years, must prove more responsive and accountable than previous civilian governments. Passage of a constitutional reform package in December 2003 cleared way for parliament to resume operation, and an ambitious devolution program has begun to revitalize accountable local government. U.S. democracy assistance is designed to help Pakistani legislators become effective participants in the political process at the national and provincial levels, support devolution by strengthening accountable and participatory governance at the local level, and strengthen civil society, political parties, and independent media.

FY 2006 DA requested for the U.S. democracy and governance program will support informed policy analysis in the national and provincial assemblies by training legislators -- including women elected for the first time -- and by linking think tanks, consultants and university experts with legislators to help them write better laws and hold the Government accountable. DA also will support programs that strengthen district government and community capacity to jointly develop and manage community development projects; foster new leadership and accountability in issue-based civil society organizations such as think tanks and political parties; improve the effectiveness of new or small Pakistani NGOs that focus on social and economic issues at the local level; and promote national and grassroots political party reform. U.S. supported NGOs have already conducted nationwide grassroots research on policy issues and are formulating a national action agenda.

Finally, DA will support programs that strengthen Pakistan's emerging private radio and other independent media to assure responsible news and public debate in the media. These programs will provide journalists and the public with expanded opportunities to monitor and debate the work of their elected representatives. DA programs have already enabled the creation of a private station that transmits into the FATA, and have supported a successful journalist training program at Peshawar University and the establishment of a full-production studio for women's programming in Islamabad.

To promote grassroots support for the Government's reform efforts, as well as U.S.-Pakistani counterterrorism cooperation, DA and ESF resources are being used to stimulate and support economic growth and provide tangible benefits for ordinary citizens, especially the poor. FY 2006 DA and ESF grassroots will continue to target underdeveloped regions including Sindh and drought-stricken areas of Baluchistan with microcredit and microfinance services for small-scale farmers. The resources will also support a

nationwide public-private initiative aimed at boosting productivity and competitiveness in key dynamic industries.

Pakistan's literacy rate, among the world's lowest, greatly hampers its ability to develop and expand its economic base. Literacy averages 49 percent nationwide, and in remote tribal areas can be as low as 0.5 percent for women. The dearth of good public schools results in hundreds of thousands youth ending up in schools teaching only religious subjects (madrassahs). Public sector spending on education has increased slowly as the country emerged from its financial crisis, but remains low, around 1.9 percent to 2.2 percent of GDP; we continue to urge Pakistan to increase spending on education. FY 2006 DA is requested to continue a successful \$100 million five-year U.S. education program to improve the quality of education in Pakistani primary and secondary schools, especially in Baluchistan and Sindh. U.S. funds are supporting non-governmental organization grants to improve early childhood education, increase parental and community involvement in schools, and ensure that teachers have adequate classroom materials. Adult and youth literacy education programs will target out-of-school youth and illiterate adult populations with a focus on women and girls. A portion of FY 2006 ESF funds will provide scholarships for future leaders of Pakistan to earn Masters degrees at U.S. universities and to increase the numbers of need- and merit-based scholarships for deserving but poor Pakistanis to study at leading local universities, including premier business and agriculture universities. DA funded programs have begun to show results in the areas of NGO-provided teacher training; rural in-service training; early childhood education; adult literacy; and community-school partnerships. These trained teachers are now using viable education/management plans.

Pakistan has a high population growth rate and lags behind its South Asian neighbors in almost all key health areas: maternal and infant mortality; safe, affordable family planning; and control of infectious diseases such as polio, tuberculosis, and hepatitis. FY 2006 CSH funds are requested to increase the availability of maternal and child health services, especially in rural areas; improve the quality of health care at the provincial and district level through better management of health resources; and help maintain Pakistan's low HIV prevalence rate by increasing awareness, especially among adolescents and youth. A portion of these funds will help control and prevent the outbreak of other infectious diseases and improve water and sanitation in communities throughout Pakistan.

Sri Lanka
(\$ in thousands)

Account	FY 2004 Actual	FY 2005 Estimate	FY 2006 Request
CSH	300	300	300
DA	4,750	6,774	6,624
ESF	11,929	9,920	9,000
FMF	2,495	496	1,000
IMET	553	500	450
NADR-EXBS	-	-	300
NADR-HD	1,775	2,700	3,500
NADR-SALW	-	200	-
P.L. 480 Title II	4,190	-	-
PKO	-	720	1,000

The Government of Sri Lanka entered historic peace talks with the Foreign Terrorist Organization-designated Liberation Tigers of Tamil Eelam (LTTE) in 2002, after close to two decades of civil conflict. Both parties continue to observe the ceasefire, although formal negotiations stalled in April 2003. The LTTE has indicated frustration with the stalemate and made veiled threats to return to war. International observers fear that conflict could reoccur, setting back ongoing economic reconstruction in both government-controlled and LTTE-controlled areas.

While still struggling to recover from the damage of civil war, Sri Lanka suffered an equally severe blow with the December 2004 tsunami disaster. Sri Lanka's coastal areas, important for its tourist and fishing industries, have been devastated. Entire communities have been wiped away. As of mid-January 2005, official death toll estimates in Sri Lanka were 30,882 dead, with 504,440 displaced. In the affected areas, economic life has ground to a halt; businesses have collapsed. Millions of people have seen their families and communities torn apart. Considerable international financial support has been pledged for Sri Lanka's relief and reconstruction. The U.S. is playing a major role in assisting Sri Lanka following this disaster. U.S. tsunami reconstruction assistance will build on ongoing programs for sustaining the peace, rebuilding the war-torn areas, addressing disadvantaged groups, individuals with disabilities, survivors adversely affected by the disaster (with a special focus on children and women), integrating the North and East into the rest of the country, and achieving high rates of economic growth.

FY 2006 Economic Support Funds (ESF) support the peace process in Sri Lanka through democracy and governance projects to foster political reconciliation, joint reconstruction programs that foster economic reintegration as well as social reconciliation, and economic growth programs. These programs are coordinated closely with the Sri Lankan Government's relief and peace-building efforts. Democracy and governance programs funded by ESF are designed to:

- support peace processes at the local and national levels;
- address the conflict by seizing critical windows of opportunity to preserve and strengthen democratic institutions that facilitate momentum for peace;
- promote decentralization and democratic processes at the local level;
- provide opportunities for non-violent dispute resolution;
- assist in the political party development of mainstream and non-mainstream political groups;
- support national and regional media training to improve the ethnically polarized media, which currently reports through a narrow ethnic lens;

- strengthen the capacity of provincial legislatures, which are especially significant for future devolution of power as part of a possible peace settlement; and
- support local mediation boards administered by the Ministry of Justice in the North and East.

Small grants from the ESF-funded reconstruction and reconciliation program provide concrete benefits in areas where skeptics might undermine the peace process. These include economic benefits, such as small-scale infrastructure and livelihoods (e.g., seeds, tools, boats, nets and short-term, demand-driven skills training) in support of ongoing peace building and reconciliation efforts involving diverse communities. During 2004, the small grants fund has provided 94 grants, including irrigation rehabilitation, access road construction, water supply and sanitation, English language instruction and sports activities.

ESF programs will also promote economic growth for stability by fostering competitiveness among Sri Lanka's key industries; developing trade capacity; supporting macroeconomic policy; improving workforce skills; and supporting the development of entrepreneurial skills among youth. Finally, ESF will support HIV/AIDS prevention and awareness among vulnerable populations.

Development Assistance (DA) and Child Survival and Health (CSH) funds continue to support the Government's macroeconomic reform and anti-poverty efforts. FY 2006 DA will continue to provide technical assistance and training for competitiveness in world markets aimed at reforming key policies, promoting increased trade, strengthening private industry clusters, enhancing the skills of the workforce, forming partnerships to protect the environment, and building strong public-private labor partnerships to increase responsiveness to private sector needs. DA funds continue to assist agricultural productivity through training, privatization, World Trade Organization compliance, and enterprise restructuring to restore growth and assist in expanding employment and labor productivity. Finally, DA-funded programs continue to support the basic financial effectiveness of a downsized government to increase the value-added to traditional commodities, increase exports, improve marketing capabilities, and create jobs, building on achievements in previous DA-funded programs.

Although Sri Lanka has enjoyed a long democratic tradition, political integration of the North and East will depend on a successful peace agreement. FY 2006 DA for democracy will fund ongoing programs to establish a democratic culture and peaceful dispute resolution through civic education, and expand access to legal aid for vulnerable groups. The programs, which currently support the peace process with technical assistance to civil society organizations, the media, and political stakeholders, will broaden their scope to address the root causes of the conflict. New activities will include targeted support for the constitutional commission; political party strengthening; civic education; local governance; and the rule of law. Finally, DA environmental programs will promote alternatives to costly energy in the North and East through innovative methods and technology, and will reduce high pesticide use by moving farmers to high value organic products.

Also in support of peace, the DA- and CSH-funded Humanitarian Assistance Program will continue to facilitate the social and economic reintegration of disabled civilians, children, and young people affected by conflict, as well as victims of torture and violence through capacity building in Sri Lankan social service institutions. Leahy War Victims Funds will continue to help Sri Lankan disability service organizations provide improved artificial limbs, orthotics, and wheeled mobility devices to the disabled and will support advocacy efforts, and provide limited employment training for disabled civilians. Assistance is also helping to improve rehabilitative care and train certified Prosthetist/Orthotists, introduce polypropylene limb technology, support advocacy efforts, and provide limited employment training for disabled civilians. CSH funds will continue to address threats to children, including helping community-based efforts to prevent child recruitment and physical or sexual abuse. CSH also supports activities such as drama, structured play, and educational activities for children recovering from the traumas associated with displacement and war. The Humanitarian Assistance Program is also supporting local organizations working with torture survivors

and is operating a small-scale targeted HIV/AIDS prevention and awareness program for particularly vulnerable populations.

Senior Sri Lankan officers strongly support U.S. strategic goals and programs. Sri Lanka continued to grant blanket overflight and landing clearance to U.S. military aircraft in 2004, routinely grants access to ports by U.S. vessels, and hosted two major U.S.-sponsored engagement programs in FY 2004. FY 2006 Foreign Military Financing (FMF) and International Military Education and Training (IMET) funds will further strengthen our military-to-military relationship. FY 2006 FMF supports: maritime surveillance and interdiction equipment to enable the Navy to monitor and interdict ships transporting weapons, terrorists, and other illegal cargo; military communications and mobility equipment to help the army to conduct humanitarian assistance projects and participate in UN peacekeeping missions; improvements to defense and intelligence establishments; and equipment for basic soldier safety and survivability.

FY 2006 IMET will assist to professionalize the Sri Lankan military at U.S. military training institutions and through mobile training teams. FY 2004 IMET funding for Sri Lanka sent 13 officers to professional military and technical schools in the United States. Continued IMET funding helps build the capabilities and competencies of officers as needed to counter LTTE terrorism and enhance interoperability, increasing Sri Lanka's ability to participate in U.S. and international military efforts, from the global war on terrorism to peacekeeping and emergency relief operations. FY 2006 Peacekeeping Operations (PKO) funds are requested to support several activities aimed at maintaining the momentum of the peace initiative between the Government and the LTTE, including the activities of the Sri Lankan monitoring mission, staffed by Scandinavians, which is charged with on-site monitoring and verification of terms of the cease-fire agreement. Sri Lanka is eligible in FY 2006 to receive grant Defense Articles (EDA) under section 516 of the Foreign Assistance Act. EDA will improve Sri Lanka's maritime interdiction capability by providing spare parts, operational and maintenance support, and communications equipment.

The United States began training the Sri Lankan military engineering battalion in humanitarian demining operations in August 2003. Non-proliferation, Anti-terrorism, Demining, and Related Programs/Humanitarian Demining (NADR-HD) funds have sent two demining teams to Sri Lanka, which cleared 200,000 square meters of land. FY 2006 NADR/HD funds will continue capacity building for the Sri Lankan demining program, including mine detecting dogs and heavy demining equipment. FY 2006 Non-proliferation, Anti-terrorism, Demining, and Related Programs/Export Control and Related Border Security Assistance (NADR-EXBS) is requested to train Sri Lankan personnel in export and transshipment controls, which are important given the growth of Colombo as a transshipment port.

South Asia Regional Fund

(\$ in thousands)

Account	FY 2004 Actual	FY 2005 Estimate	FY 2006 Request
ESF	1,988	992	2,500

South Asia’s Muslim population of 460 million is the largest concentration of Muslims in the world and spans seven countries: Pakistan, Afghanistan, Bangladesh, India, Nepal, Sri Lanka, and the Maldives.

In recent years, as a key component of the war on terrorism, the United States has redoubled its efforts to help Muslim countries and populations mitigate the conditions that breed extremism as well as the perceptions that feed extremism. While close to 45 percent of U.S. development and Economic Support Funds (ESF) programs for South Asia and close to 50 percent of U.S. public diplomacy resources for South Asia address one of these two goals, we continually seek to cross-fertilize successful efforts between countries, and are searching for new areas or methods that can inform our larger bilateral programs.

The South Asia Education, Democracy and Development in South Asia (EDSA) program is assisting in finding ever more effective ways to address the issue of extremism through small, innovative pilot and multi-country projects in the areas listed below. Reform in the first three areas listed below is key to overcoming the lack of education, isolation, political exclusion and deprivation that have fostered extremism. The fourth area of focus, conflict mitigation, reflects the need to address tensions between significant Muslim populations and other ethnic populations in India and Sri Lanka.

- Education and public information that promote economic opportunity and effective citizenship: Including curriculum broadening or teacher training in receptive public and private schools in order to enhance tolerance, critical thinking, problem-solving, and employment skills; exchanges and training for Islamic scholars and educators; and literacy and job skills training for Muslim women and unemployed Muslim youth.

Projects funded since the program’s FY 2003 inception include: new teaching methods at the primary school level to increase tolerance and critical thinking skills and to involve parents and the community in order to increase enrollment and retention; computer literacy and self-sustaining computer labs in Pakistani schools; and a workshop on teaching methodologies and expanded curriculum for Indian Madrassah educators and their professional colleagues.

- Democracy projects that foster government accountability and citizen participation: Including small grants to NGOs in Muslim population centers for grassroots democracy and civic education projects; and innovative, multi-country pilots for legislative training, independent election commission strengthening, political party reform, civil society development, independent media, and human rights projects.

Projects funded thus far include: Cross-border radio journalist training in fact-based field reporting, small equipment for new radio stations, and increasing the information flow into and out of the joint border regions of Afghanistan and Pakistan through travel grants and exchanges between local and national journalists; practical civic education projects for middle school students that include research and recommendations on a local policy problem, which the students present to local government officials for consideration and implementation.

- Economic projects that address poverty and regional instability: Including projects that promote regional cooperation; local community-led health and development projects with a civic education component; and micro-enterprise or employment-generation projects in Muslim population centers.

Projects funded thus far include: training for community leaders, including Imams and Mullahs, on secular topics from local enterprise and health to women's rights and anti-trafficking awareness; and support for a region-wide Muslim women's network supporting and informing locally-designed women's rights and economic participation projects in each country.

- Conflict mitigation, reconciliation and confidence-building projects: Including with Muslim populations in Sri Lanka and India -- and possibly in Kashmir -- through small-scale health, employment- generation, education and civil society projects.

Projects funded thus far include library enhancement collections for Kashmir Universities in Jammu and Muzzafarabad.

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WESTERN HEMISPHERE

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Argentina
(\$ in thousands)

Account	FY 2004 Actual	FY 2005 Estimate	FY 2006 Request
FMF	-	992	1,000
IMET	1,087	825	1,100
NADR-EXBS	-	50	100

The top U.S. priority in Argentina is to promote economic recovery, democratic institutions and good governance. Argentina's political system has been shaken by the country's sharp economic decline in the late 1990s, and early this decade, public charges of corruption, unresponsive public institutions, and judicial inefficiency. Despite these challenges, Argentines have demonstrated a commitment to democracy and elected a President in 2003 who has carried forward an anticorruption agenda. Argentina plays a key role in hemispheric affairs and assumed a non-permanent UN Security Council seat in 2005. The Government of Argentina (GOA) has supported U.S. security goals through participation in international peacekeeping operations and in advocating non-proliferation on the global and regional level. Argentina has been a central actor in the Southern Cone in cooperation with the United States on counterterrorism and counternarcotics activities.

Foreign Military Financing (FMF) funding will assist Argentina's armed forces to maintain their peacekeeping capacity through the development and maintenance of a communications capability that will promote interoperability with coalition forces. FMF will support peacekeeping training and deployment, and will provide upgrades and spare parts for vehicle, aviation and naval equipment. Funds will also provide C-130 logistical support and improve the Argentine military's ability to respond to natural disasters.

Argentina has been among Latin America's largest users of U.S. Excess Defense Articles (EDA). Argentina will continue to be eligible in FY 2006 to receive EDA on a grant basis under Section 516 of the Foreign Assistance Act. Grant EDA to Argentina will support that nation as a major non-NATO ally at a time when fiscal austerity has drastically reduced Argentine defense spending and will enable continued cooperation with the United States, NATO and others in international peacekeeping.

International Military Education and Training (IMET) courses increase Argentine interoperability with U.S. and NATO forces. IMET also trains civilian experts to effectively administer the Argentine defense establishment. Having contributed to eight different UN peacekeeping missions, Argentina ranks third among Latin American nations in number of peacekeeping participants. Budget constraints have reduced this participation, but not the Argentine commitment to contribute to international stability. Military personnel from other Latin American nations attend the GOA's peacekeeping training academy.

Given its recent history as a victim of international terrorism (bombings in Buenos Aires in 1992 and 1994 killed more than one hundred people), Argentina understands the importance of cooperation against terrorism. U.S. Antiterrorist Assistance programs (NADR) brought Argentine officials to the United States for valuable briefings and training. The trafficking of Colombian heroin through Argentina via commercial air carriers to the East Coast, especially New York, remains a concern. The GOA believes small private aircraft are increasingly being used to smuggle narcotics into Argentina from Paraguay and Bolivia; though most of these drugs remain in Argentina or are transshipped to Europe, some does make its way to the United States. Regional INCLE funding trains police for interdiction activities. In addition, the United States continues to promote training and exchange programs with Argentine law enforcement and judicial authorities to reduce international crime.

Bahamas
(\$ in thousands)

Account	FY 2004 Actual	FY 2005 Estimate	FY 2006 Request
FMF	99	99	100
IMET	165	240	240
INCLE	1,000	992	500

Due to The Bahamas' proximity to the U.S., its ranking as the eighth most popular worldwide destination for U.S. travelers, and its historical use as a principal transit route for illegal drugs and aliens, the United States has a strong strategic interest in a cooperative and stable partnership with that island nation. Principal U.S. interests in The Bahamas include ensuring the safety and security of approximately 30,000 U.S. permanent residents and more than 4,000,000 annual American visitors, stopping the movement of illicit drugs and illegal migrants through the Bahamian archipelago, and combating international financial crime including money laundering and financial support for terrorism.

The Bahamas, the Turks and Caicos Islands, and the United States are partners in "Operation Bahamas and Turks and Caicos," a program with proven success intercepting illegal narcotics. Under this program, Bahamian and Turks and Caicos police, the U.S. Drug Enforcement Administration, U.S. Coast Guard and the U.S. Army cooperate in missions against suspected drug traffickers and illegal migration networks, and frequently assist in search and rescue operations. International Narcotics Control and Law Enforcement (INCLE) funding supports Bahamian drug enforcement operations and investigations through operational support, training and equipment. INCLE funding provides go-fast interceptor boats to the Bahamian police and detector dogs to the Customs Department.

The Bahamas is a major offshore financial center with a global clientele. The Bahamian government is committed to combating the threat to its sovereignty and its banking industry posed by illegal drug trafficking, money-laundering, terrorism financing and other financial crimes. Using INCLE funds, the United States will sponsor training and workshops to assist The Bahamas with these crimes. The U.S. Embassy works closely with Bahamian officials to support anti-money-laundering efforts and to encourage the Bahamian government to act more effectively in seizing drug traffickers' assets.

The U.S. interest in a stable Bahamas is reinforced by humanitarian concerns. The U.S. provides targeted disaster relief assistance to support the Bahamian response to hurricanes and other natural disasters. The U.S. also funds activities to ameliorate the impact of HIV/AIDS and to improve the conditions at immigration detention facilities, which at times house U.S. citizens.

The Bahamas is eligible in FY 2006 to receive Excess Defense Articles (EDA) on a grant basis under Section 516 of the Foreign Assistance Act. EDA will promote counter-drug efforts, maritime support, interoperability and modernization of equipment. Foreign Military Financing (FMF) funds will improve the maritime interdiction capability of this "Third Border" country by providing spare parts, training, operational and maintenance support and communications equipment and by improving infrastructure. FMF support for maritime interdiction will be provided under "Operation Enduring Friendship." The Royal Bahamas Defense Force (RBDF) will receive individual and unit equipment, weapons, ammunition, and training so that it can fully support enhanced interdiction and better control its borders. International Military Education and Training (IMET) will be used to continue the process of professionalizing the Bahamian security forces and civilian officials.

Belize
(\$ in thousands)

Account	FY 2004 Actual	FY 2005 Estimate	FY 2006 Request
FMF	191	198	200
IMET	277	200	200
Peace Corps	1,614	1,718	1,685

United States assistance to Belize focuses on combating criminal activity, implementing counternarcotics programs, strengthening Belize's democratic institutions, and protecting the country's national parks and nature preserves. Improving the administration of justice, fighting corruption, and making the police more effective will create better conditions for U.S. investors and traders and for the almost 1 million U.S. citizens who visit Belize each year.

Because of its proximity to the United States and its geographical position linking Central American and Caribbean states, Belize is an ideal transit point for illicit drugs headed for the United States and an attractive staging area for other international crimes. Belize is a market for vehicles stolen in the United States, a potential site for money laundering, and an origin point for smuggled wildlife and artifacts and for contraband goods. International Narcotics Control and Law Enforcement (INCLE) Latin American Regional funding will provide training and assistance to combat drug organizations, facilitate the collection and dissemination of counternarcotics intelligence and the interdiction of illicit drugs, and improve Belize's ability to deter and detect money laundering. INCLE funding will improve the professionalism and performance of police and prosecutors, provide technical support for the judicial system, reduce the flow of stolen vehicles, and assist Belize in upgrading its passport security and border control.

FY 2006 International Military Education and Training (IMET) and Foreign Military Financing (FMF) programs will provide training, equipment and logistical enhancements as part of a five-year modernization and professionalization program for the small but disciplined Belize Defense Force (BDF), and for the eventual development of a Coast Guard. BDF troops served with the Caribbean Community Battalion during peacekeeping operations in Haiti in the 1990's and currently participate in regional training exercises with U.S. and Caribbean forces. IMET funds will enhance the professionalism of key current and future leaders in the BDF and Coast Guard, and improve the interoperability of the BDF with U.S. forces in joint exercises. IMET funds will help protect Belize's nature preserves by increasing the professionalism and competence of BDF forces patrolling the border between Belize and Guatemala, where frequent incursions by Guatemalan poachers threaten native plants and territorial integrity. FMF assistance will focus on improving logistical support for the BDF and providing the weapons, ammunition, spare parts, maintenance, and training the BDF needs to improve the capability of its forces at the company level. Belize will be eligible in FY 2006 to receive Excess Defense Articles (EDA) on a grant basis under Section 516 of the Foreign Assistance Act. The provision of grant EDA promotes interoperability and equipment modernization.

Bolivia
(\$ in thousands)

Account	FY 2004 Actual	FY 2005 Estimate	FY 2006 Request
ACI	91,000	90,272	80,000
CSH	14,602	16,400	14,887
DA	12,032	11,824	14,454
ESF	8,000	7,936	8,000
FMF	3,976	1,984	1,800
IMET	589	800	800
NADR-SALW	-	100	-
P.L. 480 Title II	22,276	16,802	24,664
Peace Corps	2,870	2,958	2,931

The primary U.S. interests in Bolivia are strengthening Bolivia's democratic institutions, promoting economic development, and stopping the illicit production of coca and export of cocaine to the world market. U.S. support for Bolivian democracy and development is integral to the counternarcotics fight, and is a necessary condition for continued success in the regional and global war against drugs. The United States is encouraging Bolivia to deepen economic reforms and to maintain the government's emphasis on health and local development. Bolivia's effective implementation of judicial reforms is critical to increase respect for human rights and maintain social stability. To ensure that Bolivia does not become an active transit point for international terrorism, we have increased cooperation with the Bolivian military, customs, immigration, financial institutions, police and other organizations to enable the government to provide better control over its long, inadequately monitored borders. Bolivia has also been designated as eligible for MCA funding.

Bolivia's democracy faces many challenges, including insufficient administration of justice, corruption, the limited presence of the state in conflictive and excluded areas, and the continuing weakness and citizen distrust of traditional political parties. The government worked with international and bilateral donors to close fiscal gaps in 2003 and 2004 but faces another budget deficit in 2005. President Mesa has staked the future of his presidency on passing a viable hydrocarbons law in 2005 that allows continued growth in the sector.

Bolivia remains the world's third largest producer of illicit coca. Demonstrations and sporadic violence by coca growers created a tense environment for, but did not significantly affect the outcome of interdiction, eradication and alternative development activities in 2004; the government was able to meet eradication targets.

The FY 2006 budget request for the Andean Counter-drug Initiative (ACI) will allow the GOB to continue the rhythm of forced eradication in the Chapare; control the diversion of licit Yungas coca to cocaine production; interdict Bolivian and transshipped Peruvian cocaine and by-products; expand demand reduction programs; maintain program-appropriate ready-rates for land, riverine and air assets that support eradication and interdiction operations; provide advanced training to police; and improve efforts against money laundering. Alternative development programs are aimed at expanding the licit economy, consolidating social gains, and furthering state presence in coca-producing areas. These efforts will include promoting social services such as transportation infrastructure, health service delivery, and assistance related to agricultural productivity and competitiveness.

Economic Support Funds (ESF) will promote trade capacity and competitiveness as well as democratic values and practices. Programs will: advance the productivity of Bolivian businesses in key value-added sectors with export potential; support the development of a well-formulated trade policy framework; improve municipal governments and administration of justice reform; strengthen democratic political parties; and enhance conflict prevention and mitigation efforts.

Development Assistance (DA) and Child Survival and Health (CSH) funds will increase economic opportunities, strengthen democratic institutions, improve the health of Bolivians, and enhance environmental management. Programs will strengthen the financial sector, provide trade capacity building, and improve agricultural productivity. Funds will also be used to improve democracy by strengthening civil society and promoting judicial reforms, with a focus on opportunities to better incorporate Bolivia's disadvantaged indigenous majority into the political mainstream and support the Government of Bolivia's anti-corruption efforts. Support for management of renewable natural resources will aid the country in sustaining economic growth.

Child Survival and Health funds in FY 2006 funds will improve the well-being of the Bolivian population by enhancing individual, family and community health practices, and support GOB health-sector priorities such as child survival and HIV/AIDS, with activities targeted at under-served populations. CSH funds will also support the Amazon Malaria Initiative; integrated health care, nutrition, and vaccination programs for children; and decentralization of public health care services at the primary care level.

FMF funds will provide equipment and training assistance to Bolivian Armed Forces and to military police units to increase their effectiveness in their traditional national security role and ensure effective control of crowd disturbances in urban settings, security for drug eradication operations, as well as support their role as international peacekeeping operations. Assistance will focus on sustaining operations, repairing vehicles, and maintaining equipment. We are working with the military to better coordinate Bolivia's counter-terrorism activities and enhance support for their operations and ability to respond to threats through the acquisition of specialized equipment, training assistance and infrastructure improvement.

International Military Education and Training (IMET) funds will provide professional military education to key Bolivian military personnel, principally through attendance at U.S. military command and staff colleges, with a focus on civil-military relations, resource management, and democratic institution building.

Bolivia will be eligible in FY 2006 to receive Excess Defense Articles (EDA) on a grant basis under Section 516 of the Foreign Assistance Act. Transfer of grant EDA to Bolivia will support our foreign policy goal of reducing the international supply of narcotics by helping to equip units engaged in supporting narcotics interdiction and coca eradication. It will help supply Bolivia's peacekeeping unit with NATO-compatible equipment and enhance U.S. influence on the development of Bolivia's armed forces.

Brazil
(\$ in thousands)

Account	FY 2004 Actual	FY 2005 Estimate	FY 2006 Request
ACI	10,200	8,928	6,000
CSH	9,650	9,322	9,189
DA	7,643	7,979	7,134
ESF	750	-	750
IMET	-	-	50
NADR-EXBS	-	50	75

U.S. national interests in Brazil include promotion of sustainable economic growth and regional stability; expansion of free trade; control of international crime, terrorism, and drug trafficking; poverty alleviation; environmental protection; and reduction of infectious disease. Brazil is a leader in the hemisphere and is seeking to expand its presence on the broader world stage. The United States and Brazil frequently cooperate effectively on numerous issues, including promoting democratic values and stability in the region, combating international crime, preserving natural resources, promoting efficient energy use, and reducing hunger and poverty.

Given Brazil's influence in the Free Trade Area of the Americas (FTAA) process and World Trade Organization (WTO) negotiations, its active participation is important to the success of these talks. Brazil is the largest economy in South America and home to significant U.S. investment. After several years of economic uncertainty, Government of Brazil (GOB) policies focused on fiscal stability and structural reform are leading to broad-based economic growth. Brazil, along with Argentina, Paraguay, and the United States, participates in a working group to combat the threat of terrorism in the tri-border area.

Brazil is the only country that borders all of the three major coca-producing countries in the hemisphere. As a result, it is an important transit country for illegal narcotics flows and also faces a growing domestic drug abuse problem. Brazil's own recognition of the threat posed by narcotics trafficking prompts bilateral cooperation. Andean Counterdrug Initiative (ACI) programs will continue to improve the efficacy of local law enforcement, as well as diminish the local market for illegal drugs. In FY 2006, we will expand law enforcement cooperation in northern Brazil with additional equipment and training.

International Military Education and Training (IMET) funds will promote closer military cooperation and allow the United States to share its long experience of civilian control of the military, promote Brazil's ability to serve in international peacekeeping missions, and facilitate the interoperability of U.S. and Brazilian forces. Brazil will be eligible in FY 2006 to receive Excess Defense Articles (EDA) on a grant basis under Section 516 of the Foreign Assistance Act. EDA would be used to promote interoperability and modernization of equipment.

One-third of Brazil's population, approximately 53 million people, lives below the international poverty line on less than \$2 per day. In effect, Brazil is home to the largest pocket of poverty in the Western Hemisphere. President Luiz Inacio Lula da Silva launched the Zero Hunger Program in early 2003 to provide families living in poverty with adequate food, water systems, community health services, adult literacy classes, and economic opportunities. Although its nominal focus is hunger, this initiative is actually a targeted poverty alleviation program. Economic Support Funds (ESF), channeled through a non-governmental organization and USDA, contribute to this effort through the development of community-based activities to promote economic growth and improve the quality of life for Brazil's under-served

populations. Technical assistance will strengthen the GOB's capacity to design and implement the core aspects of the Zero Hunger Program.

With the immense Amazon basin largely within its borders, Brazil is a major player on many international environmental and energy issues. Development Assistance (DA) funds will benefit the rural poor and shape future land-use trends over large geographic areas of Brazil, especially the Amazon, while continuing to mitigate the global impacts of climate change and biodiversity loss. An energy program will provide a mechanism for policy dialogue; implement a comprehensive training program; support the development of Brazil's relatively untapped renewable energy market; and foster the establishment of micro-credit programs and revolving funds. Development assistance (DA) resources will promote free trade and the participation of small and medium-sized enterprises (SMEs) in trade-led growth, by working closely with local Brazilian institutions that are directly concerned with SME development. A program to sponsor FTAA outreach events throughout Brazil will engage public opinion makers and industry representatives in factual discussions on FTAA and free trade.

Brazil's large population, location, and widespread poverty make it a focal point for the spread of infectious disease. The Brazilian Ministry of Health estimates over 600,000 Brazilians are infected with HIV. Brazil has the highest number of tuberculosis and malaria cases in Latin America. Child Survival and Health (CSH) funds will be used to reduce the transmission of targeted communicable diseases through implementation of a health strategy to expand marketing programs, strengthen NGOs, improve surveillance and research, and strengthen tuberculosis control through Directly Observed Therapy (DOTS), the World Health Organization's recommended strategy for prevention, identification and treatment of tuberculosis. CSH funds will support an At-Risk Youth Program to improve employment opportunities for disadvantaged youth.

Chile

(\$ in thousands)

Account	FY 2004 Actual	FY 2005 Estimate	FY 2006 Request
FMF	347	496	750
IMET	600	600	600

U.S. national interests in Chile include promoting prosperity and regional security through enhanced bilateral and multilateral economic and commercial ties, military cooperation, reform of the criminal justice system, and cooperation on a range of important regional and global issues in multilateral fora. U.S. security and regional stability are enhanced through U.S. support of Chilean participation in international peacekeeping operations and the interoperability of Chilean forces with U.S. and other peacekeeping forces. Chile is currently participating in missions in Haiti, Bosnia and East Timor.

The FY 2006 request for International Military Education and Training (IMET) funding will contribute to Government of Chile (GOC) efforts to professionalize its armed forces and increase their interoperability with U.S. forces through the continuation of management training courses for Non-commissioned Officers (NCOs), mid-level and senior officers. Training in equipment maintenance, logistics, and resources management will increase Chile's ability to maintain U.S. equipment in its inventory.

FY 2006 Foreign Military Financing (FMF) will provide needed equipment to Chile's armed forces participating in peacekeeping operations. Chile is now, or has been, an important contributor of peacekeeping forces in Haiti, East Timor, Congo, Cyprus, Israel-Palestine, Bosnia, India-Pakistan, as well as NATO's Stabilization Force (SFOR) and Implementation Force (IFOR). FMF will support specialized individual equipment and improvements to the National Peacekeeping Operations Center. Chile will be eligible in FY 2006 to receive Excess Defense Articles (EDA) on a grant basis under Section 516 of the Foreign Assistance Act. EDA will be used to promote interoperability and modernization of equipment

Chile is not a center for the production of illegal drugs, but does increasingly serve as a transit point for drugs coming from other countries in the region to Europe and the United States. Producers look increasingly to Chile as a source of precursor chemicals. Chile's proximity to producer countries such as Bolivia and Peru, its dynamic economy, and well-developed banking system combine to make the country vulnerable to money laundering. International Narcotics Control and Law Enforcement (INCLE) funds from a Latin American Regional fund will assist Chile in implementing effective money laundering and precursor chemical controls, and enhance its own narcotics investigation, interdiction, and demand reduction capabilities.

Colombia
(\$ in thousands)

Account	FY 2004 Actual	FY 2005 Estimate	FY 2006 Request
ACI	473,900	462,767	463,000
FMF	98,450	99,200	90,000
IMET	1,676	1,700	1,700
NADR-ATA	-	3,920	3,920
NADR-SALW	-	200	200

The United States has a strong national interest in a secure, democratic and economically prosperous Colombia, free from the threats posed by narcotics trafficking and terrorist organizations. Our interests in Colombia, however, go beyond the problems of illicit drugs and include support for a friendly democracy that can play a key role in regional stability, the safety and protection of a large U.S. citizen community, the promotion of human rights and international humanitarian law, growing trade and investment ties, and important energy resources. U.S. programs in Colombia support the Colombian Government's efforts to strengthen its democratic institutions, promote respect for human rights and the rule of law, intensify counter-narcotics efforts, foster socio-economic development, address humanitarian needs, and end the threats to democracy posed by narcotics trafficking and terrorism.

The challenges facing Colombia cannot be addressed in isolation and our programs reflect a broad, comprehensive approach. We share Colombia's vision of a prosperous democracy, free from the scourges of narcotics trafficking and terrorism, with respect for human rights and the rule of law. Our support is essential to sustain the impressive progress Colombia is making.

Of continued priority concern are the three United States citizens who remain hostages of the Revolutionary Armed Forces of Colombia (FARC), designated by the U.S. Government as a Foreign Terrorist Organization (FTO). We are committed to ensuring their safe recovery.

The United States faces an unusually complex series of issues with Colombia and its neighbors. With over 40 million people, Colombia is Latin America's second most populous country. It has long-standing political, security, social, and economic problems, exacerbated by the explosive growth of coca and opium poppy cultivation during the late 1990's in which guerrilla and paramilitary forces have become deeply involved. There is no single explanation for the wide range of Colombia's troubles, but they are rooted in traditionally limited government presence in large areas of the interior, a history of civil conflict and violence, and deep social inequities.

To address these problems, the Government of Colombia (GOC) announced its Plan Colombia in 1999, a six-year program with a balanced and wide-ranging strategy. The Uribe Administration (which took office in 2002) confirmed its full commitment to the goals of Plan Colombia.

Plan Colombia, by all measures, has enjoyed exceptional success in pursuing its goals, with support from the United States and the international community, but the job is not finished and we need to ensure that the progress made so far continues.

The Colombian Government has not yet announced a formal continuation for Plan Colombia. Nevertheless, anticipating its sunset in late 2005, the GOC has begun planning a follow-on strategy that would build on and consolidate the progress achieved to date.

ACI programs provide the core funding for what we must do if we are to help President Uribe succeed in his determination to end the narcotics trade in Colombia and stop the terrorism that threatens one of the oldest democracies in the Hemisphere and one of our key Latin American allies, as well as the stability of the entire Andean region. Successful alternative development, justice sector reform, humanitarian assistance and human rights programs will continue along with the counternarcotics efforts.

The proposed FY 2006 ACI supports the GOC's continuing efforts to counter the illegal narcotics industry and the threat it poses to the stability of Colombia's democracy and its economy, as well as its neighbors. The FY 2006 request for funding builds upon the successes of programs begun in FY 2000 with the Plan Colombia Supplemental and sustained by subsequent ACI appropriations. As noted in the House Manager's Report accompanying the FY 2005 Foreign Operations Appropriations Act, "The Andean Counterdrug Initiative is the continuation of the Administration's multi-year counterdrug assistance efforts designed to sustain and expand programs initially funded by Plan Colombia in the fiscal year 2000 emergency supplemental appropriations act."

Counternarcotics issues remain central for U.S. relations with Colombia, which supplies 90 percent of the cocaine consumed in the United States. Colombia is also a major source of heroin in the United States, particularly in east coast cities. Recognizing the increasingly intertwined nature of narcotics trafficking and terrorism, Congress approved expanded authorities to allow United States support for Colombia's unified campaign against both of these scourges.

FY 2006 ACI funds would provide \$463 million for programs in Colombia that will continue to address narcotics interdiction as well as underlying social issues, with approximately \$152 million for alternative development, humanitarian assistance, judicial reform and institution building, along with \$311 million for narcotics interdiction and eradication programs. The alternative development and institution building efforts include emergency and longer-term assistance to vulnerable groups and displaced persons, and programs promoting the rule of law, local governance, and human rights, as well as agribusiness and private sector development, trade capacity building and economic policy reform.

Colombian authorities under President Uribe have augmented support for the aerial eradication program through growing financial resources and increasing the pace of operations, resulting in treating 127,112 hectares of coca in 2003 and a record 131,800 hectares of coca in 2004, as well as nearly 3,000 hectares of poppy. Coca and poppy cultivation declined by 15% and 25% respectively in 2002 compared to the previous year and did so again in 2003 by another 21 and 11 percent respectively due to aggressive aerial eradication and we are confident overall crop figures when available for 2004 will show a continued drop. Repeated spraying is critical to deter replanting and if sustained, then we can expect to see further declines in drug production.

FY 2006 ACI funds for Colombia are also requested to continue training and operational support for the Army's Huey II and UH-60 helicopters, support for the National Police's Air Service, and upgrades to aviation facilities.

Programs promoting democratic practices and respect for human rights are based on fundamental U.S. values and are intended to assist Colombia's reform efforts. Reports published by the Government of Colombia and non-governmental organizations confirm that our human rights efforts are producing significant results, with notable improvement in many security indicators. Although still the highest rate in the world, kidnappings have dropped by 42% since 2003, according to the Colombian Ministry of Defense, while homicides fell by 38% in the first 10 months of 2004, compared to the same period in 2003. The Center for Popular Research and Education (CINEP), the NGO that manages Colombia's largest and most influential human rights violations database, recorded that extra-judicial executions fell 48% while assassinations of protected persons declined 41% during the first ten months of the Uribe Administration.

The National Labor College, (ENS), Colombia's most influential labor NGO, noted that murders of trade union members were down 38% during the first nine months of 2004, following a 68% drop the previous year.

The International Committee of the Red Cross (ICRC) also reports a decrease in the rate of massive displacements. The USG has provided humanitarian assistance to more than 2 million internally displaced and other vulnerable persons since FY 2001 (581,337 in 2004). USG programs also supported an Early Warning System -- to prevent massacres and forced displacements -- that has had some successes.

The International Military Education and Training (IMET) program complements key U.S. objectives in Colombia by providing training for the Colombian military with a strong emphasis on human rights. Colombia will be eligible in FY 2006 to receive Excess Defense Articles (EDA) on a grant basis under Section 516 of the Foreign Assistance Act. Transfer of grant EDA to Colombia supports our primary foreign policy objectives of fighting drugs and terrorism.

FY 2006 Foreign Military Financing (FMF) funds will be used to continue our support to Colombia's national security strategy to extend central government authority and governance to areas heretofore prey to terrorists and narcotics traffickers.

President Uribe is increasing defense and security spending from historically low levels, supported by a one-time tax on wealth that raised over \$800 million for security purposes, so that Colombia undertakes its share of the burden. Between 2001 and 2004 spending by the GOC on its military and police forces increased by over 30% with another significant increase budgeted for 2005. Most of the additional spending has been allocated to force expansion, training programs, small arms purchases and ammunition, with little for expensive non-peso purchases.

However, in spite of impressive improvements, Colombian security forces will still require significant U.S. assistance for counternarcotics and counterterrorism, especially in key areas of mobility, intelligence, sustainment and training due to the increased operational pace brought about by President Uribe's successes. FY 2006 FMF will support Colombia's integrated national strategy with significant military assistance and counternarcotics programs that increase the Colombian military's ability to establish a secure environment, essential to President Uribe's comprehensive national security strategy.

The United States will provide operational support (training, supplies, repair parts, maintenance and infrastructure) and specialized equipment, including weapons, night vision goggles and communications, to the Army. Our 2006 request continues to support for the battlefield evacuation program and the army's specialized and mobile units, but also provides assistance (at lower levels) to the army's regular brigades and other units. The specialized units will be at the heart of Plan Patriota and the regular units will be called upon to consolidate the gains made by the more mobile units. The 2006 request also places greater emphasis on improving the logistics and training base of the Colombian armed forces. Improving the training, maintenance, and logistics infrastructure will be critical to ensuring the long-term success of our assistance. The 5th and 18th Colombian Army Brigades, trained in 2003 to provide protection to the Cano Limon-Covenas pipeline, a key element of Colombia's economic infrastructure, will receive additional munitions, equipment and training to sustain this high profile and important mission. Support will also include establishing a national training center and developing an automated logistical system.

FMF will also support the Colombian Navy and Air Force and include the provision of interdiction boats, additional combat aircraft, training and infrastructure improvements, maintenance and operational support for Colombia's C-130 transportation fleet and helicopter support, improving the ability of the entire Colombian military to quickly provide forces for operations throughout the country. Our FY 2006 request will also continue support to improve the capacity of the Colombian armed forces to treat and evacuate

wounded from the battlefield. FMF funds will be used for naval interdiction programs by providing secure communications equipment, spare parts, and assistance to establish an operations center. Riverine forces will benefit from spare parts and other logistical support.

USG programs with NADR funding will assist in addressing the rampant and well documented trafficking in illicit arms across Colombian borders. The support of the U.S. SA/LW destruction program of small arms and handguns will contribute to improving security in the region.

NADR funding will also support continued implementation of the successful Anti-Kidnapping Initiative (AKI), which began with FY 2002 Supplemental funding. The AKI provides tactical and investigative training and equipment to the Colombian Government's military and police anti-kidnapping units (Unified Action Groups for Personal Liberty -Spanish acronym "GAULA".) It is also developing an interagency database to collect, analyze and disseminate information on kidnappings, upgrading Colombian training facilities, and enhancing Colombian interagency coordination. Our proposed program will use \$3.92 million to continue training of GAULA units, including a "train the trainers" component. The Colombian Government is expected to assume the expense of maintaining the camp as well as feeding and housing instructors and students.

Costa Rica
(\$ in thousands)

Account	FY 2004 Actual	FY 2005 Estimate	FY 2006 Request
IMET	-	-	50
Peace Corps	1,395	1,732	1,628

U.S. national interests in Costa Rica are the promotion of trade and of a vibrant, diverse economy, increased counternarcotics cooperation, support for sustainable development and sound environmental management – areas where Costa Rica has been a regional leader. The Government of Costa Rica (GOCR) has for decades proven itself to be a strong ally in promoting economic development and integration, human rights, and regional stability. Costa Rica has become a staunch U.S. partner in the fight against international crime, greatly expanding and complementing U.S. law enforcement efforts in the region. The U.S.-Central America Free Trade Agreement would provide an important opportunity for Costa Rica to attract investment, create jobs, and deepen economic integration with its Central American neighbors.

As a relatively prosperous nation with a strong, diverse economy, Costa Rica benefits from fewer direct U.S. aid programs than most of its neighbors. Because of its peaceful history and its democratic traditions, the assistance the United States provides to Costa Rica is a sound investment. Internal security is maintained by local police and by lightly armed security forces under the Ministry of Public Security. Although Costa Rica does not maintain a traditional military - Costa Rica abolished its military in 1948 - the International Military Education and Training (IMET) will promote the U.S. goal of ensuring peace and regional security. IMET will further professionalize law enforcement officers and coast guard personnel through courses such as patrol craft commander training, rule of law, and discipline in police operations.

The GOCR recognizes the growing threat it faces from narcotrafficking. INCLE funds from regional Latin America accounts will support Costa Rica’s expanding counternarcotics programs, which amplify and reinforce U.S. hemispheric law enforcement efforts. In 1999, Costa Rica became the first country in Central America to sign a Bilateral Maritime Counternarcotics Agreement with the United States.

Costa Rica will be eligible in FY 2006 to receive Excess Defense Articles (EDA) on a grant basis under Section 516 of the Foreign Assistance Act. Transfer of grant EDA to Costa Rica is consistent with U.S. efforts to reduce the drug flow and to promote regional stability in Central America. EDA will be used to enhance counternarcotics capabilities, including communications equipment and air and maritime assets. The transfer of EDA demonstrates USG support of Costa Rica’s democracy and encourages interoperability of Costa Rican law enforcement and the country’s coast guard with the United States and the modernization of equipment.

Cuba
(\$ in thousands)

Account	FY 2004 Actual	FY 2005 Estimate	FY 2006 Request
ESF	21,369	8,928	15,000

U.S. national interests in Cuba include fostering an open economy, democracy, and respect for human rights; protecting American citizens; and, controlling U.S. borders by ensuring safe, legal, and orderly migration from Cuba. U.S. policy encourages a peaceful transition to democracy in Cuba, thereby averting instability in a post-Castro Cuba that could provoke massive illegal immigration and make it difficult to control U.S. borders.

The Department of State intends to use Economic Support Funds (ESF) for activities to implement the recommendations of the report of the President's Commission for Assistance to a Free Cuba (CAFC). This report, released on May 6, 2004, details a program to augment our current activities undertaken under Section 109(a) of the Cuban Liberty and Democratic Solidarity (LIBERTAD) Act, and sought a more proactive, integrated, and disciplined approach to undermine the survival strategies of the Castro regime and contribute to conditions that will help the Cuban people hasten the dictatorship's end.

Specifically, these funds will help the Cuban people in their efforts to effect positive political and social change in their country by supporting the democratic opposition and empowering an emerging civil society. Cuban civil society is hampered by a lack of materials and support needed to bring about these changes. The Cuban government has maintained its grip on the Cuban people by intimidating and imprisoning exponents of independent civil society in an effort to prevent the emergence of a credible alternative to its failed policies. The Cuban government has made it all but impossible for human rights activists and reformers to operate, imprisoning many and forcing others into exile. Until recently, the government has been able to keep civil society infiltrated and stunted.

ESF will support USAID-administered programs with democracy and human rights groups, with a focus on organizations that disseminate information on democracy, human rights and market economies to the Cuban people, and also those that provide humanitarian assistance to victims of political repression and their families. USAID will continue to promote international support in Latin America and Europe by working with third-country NGOs to raise awareness of Cuban government repression and to encourage their involvement in hastening a democratic transition and will fund new transition studies on economic reforms, modern labor policies and the role of the state.

Funds will also provide for new and existing innovative programs designed to uphold democratic principles, support democratic institutions and promote human rights. Funding will support in-country training of civil society groups and members of the peaceful democratic opposition on how to expand their membership and scope of activities, with the goal of hastening a democratic transition. The key target groups for assistance will include women, Afro-Cubans, and youth, as well as libraries, labor organizations and human rights groups.

Dominican Republic

(\$ in thousands)

Account	FY 2004 Actual	FY 2005 Estimate	FY 2006 Request
CSH	13,166	13,000	10,548
DA	11,413	7,662	9,080
ESF	3,682	2,976	3,000
FMF	2,000	992	1,000
IMET	973	1,100	1,100
Peace Corps	2,734	3,355	3,350

The principal U.S. interests in the Dominican Republic are promoting economic growth and development; safeguarding homeland security and protecting U.S. citizens; and fighting international crime, illegal migration, drug trafficking, and trafficking in persons; while strengthening democratic institutions.

The United States will use Economic Support Funds (ESF), Development Assistance (DA), and Child Survival and Health (CSH) funds to strengthen democratic institutions, increase economic opportunities, and improve health care service delivery. Technical assistance and training will improve the administration of justice, increase participation in the political process, improve election systems, and combat corruption. DA funds will foster private-sector competitiveness and facilitate the implementation of the trade agreement with the United States and Central American countries (CAFTA). DA will improve basic education and environmental protection systems. Health programs will focus on improving HIV/AIDS prevention and care programs, tuberculosis treatment, health care policy reform, and improving reproductive health services to reduce the unacceptably high rate of maternal mortality.

Attaining these goals will reduce incentives for illegal immigration and Dominican participation in drug trafficking, alien smuggling and trafficking in persons while making the Dominican Republic a more prosperous, stable, and democratic neighbor, as well as a more attractive environment for American investors and tourists.

International Military Education and Training (IMET) funds will increase awareness on the part of the Dominican security forces of their role and responsibility for ensuring that human rights are respected while strengthening the rule of law.

Foreign Military Financing (FMF) funds will support coastal patrol boats used to conduct counter-drug operations and interdict illegal migrants. FMF also will provide tactical communications to facilitate coordination of the military's natural disaster response efforts.

The Dominican Republic will be eligible in FY 2006 to receive Excess Defense Articles (EDA) on a grant basis under Section 516 of the Foreign Assistance Act (FAA). EDA will be used in support of border operations for ground vehicles, generators, uniforms, communications equipment, and night observation devices for both ground troops and air crews. EDA will support a viable command and control system to enable the Dominicans to better patrol and control their border with Haiti. The EDA may also be used for coastal boats to support the Dominican navy operations with similar objectives.

Eastern Caribbean

(\$ in thousands)

Account	FY 2004 Actual	FY 2005 Estimate	FY 2006 Request
FMF	3,137	993	1,250
IMET	719	800	775
Peace Corps	3,044	3,058	2,953

The principal U.S. interests in the seven countries of the Eastern Caribbean – Antigua and Barbuda, Barbados, Dominica, Grenada, St. Kitts and Nevis, St. Lucia, and St. Vincent and the Grenadines – is preventing and combating transnational criminal activity, including terrorism, narcotics trafficking, alien smuggling, and financial crimes. These Eastern Caribbean countries make up a significant portion of our “third border.” Our policies are designed to promote a more secure, stable region, generate expanded markets for U.S. goods and services, ensure safe and secure destinations for U.S. tourists and investments, ensure respect for the rule of law, retard the transmission of HIV/AIDS, and strengthen respect for democratic values. Threats to the Eastern Caribbean’s political and economic stability directly affect the United States by heightening the vulnerability of Caribbean nations to transnational threats.

A major U.S. goal in the Eastern Caribbean is to increase the capacity of national security forces of the region to deal with these threats. The United States seeks to strengthen the ability of the Caribbean Regional Security System (RSS), comprised of national security organizations of the seven Eastern Caribbean states, to meet these challenges as an effective collective organization. U.S. funding for this program permitted the RSS to intervene effectively and restore order after a September 2004 hurricane devastated Grenada. Foreign Military Financing (FMF) funds will focus on enhancement of and preventive maintenance to sustain the region’s maritime and ground service operational capabilities and readiness for counter-drug operations, illegal migrant interdiction, search and rescue, and disaster relief efforts. International Military Education and Training (IMET) funding and joint exercises will be used for professional military education, civil-military relations, and technical training.

The seven countries of the Eastern Caribbean will be eligible in FY 2006 to receive Excess Defense Articles (EDA) on a grant basis under Section 516 of the Foreign Assistance Act. EDA will be used in the region to promote interoperability and modernization of equipment.

Ecuador
(\$ in thousands)

Account	FY 2004 Actual	FY 2005 Estimate	FY 2006 Request
ACI	35,000	25,792	20,000
CSH	-	150	-
DA	7,068	6,691	7,429
ESF	10,473	12,896	7,000
FMF	-	992	750
IMET	-	300	50
NADR-SALW	-	150	200
Peace Corps	2,995	2,983	2,844

Ecuador is a peaceful bulwark against the narco-trafficking and terrorist violence that has dominated the recent history of its larger neighbors, Peru and Colombia. Due to continued economic struggles, a fractious political system and chronic corruption, Ecuadorian governments enjoy little stability and are often hobbled by competing internal pressures. To strengthen and consolidate Ecuador's democratic institutions, the United States will work with the freely elected government to address the country's serious economic and financial weaknesses, meet its security concerns, and create a more stable and prosperous Ecuador. Our efforts focus on promoting human rights, disrupting and interdicting narcotics and human trafficking, combating terrorism, and advancing sound environmental policies.

Ecuador is not a major coca producer, but is located between two source zone countries for coca cultivation, and has become a staunch counter-drug ally. Through Andean Counterdrug Initiative (ACI) funding, the United States supports a range of efforts to improve the professionalism and counternarcotics capabilities of Ecuador's national police and military. Programs also help the judiciary and have assisted in creating an anti-money laundering statute that is currently pending Congressional approval. ACI funds will improve the quality of life for thousands of economically and socially disadvantaged people along Ecuador's vulnerable northern border region. These programs include the provision of water systems, roads and bridges, support to local governance, and other activities aimed at promoting income and employment opportunities. ACI funds will assist maritime and coastal cooperation to counter possible exploitation of Ecuador's strategic position for the transshipment of narcotics, precursor chemicals, arms, and migrants. To complement this assistance to the Government of Ecuador's security forces, ACI funds will attempt to mitigate the economic allure of the illegal drug industry by supporting economic development programs in areas that are at particular risk.

The GOE must improve control over its border with Colombia by building on earlier gains in the readiness, mobility, and communications capability of key units with the aim of restricting the flow of chemical precursors, arms, and other supplies to southern Colombia. To assist in this area, previous Foreign Military Financing (FMF) support and funding from the Narcotics Affairs Section (NAS) focused on providing tactical vehicles, equipment to enhance coastal and riverine mobility, and logistics packages for all three services of the armed forces. FMF and NAS funding have also been used to support operations and maintenance of logistical aircraft. ACI funding will provide some support for these programs.

Economic Support Funds (ESF) will increase support for the democratic system by strengthening the justice sector, building democratic local governance, fighting corruption, and supporting free and fair elections. These funds will foster economic opportunity and reduce poverty by improving the macroeconomic environment for more equitable growth, and support implementation of economic reform policies that

promote free and fair trade. The Peru-Ecuador Peace account will continue to diffuse border tensions by improving social and economic conditions for the people living along the Peru-Ecuador border.

Development Assistance (DA) funds will strengthen the microfinance sector, increasing access to services by micro-entrepreneurs. Because long-term sustainability is key to meaningful economic development, DA programs will promote responsible use of Ecuador's natural resources, including management and conservation efforts in the Galapagos Islands and other key areas.

The International Military Education and Training (IMET) program will enhance Ecuadorian military professionalism and technical expertise, and help further consolidate civilian control of the military. Ecuador must improve the readiness, mobility, and communications capability of key units to restrict the flow of chemical precursors, arms, and other supplies to southern Colombia. The general lack of security along Ecuador's border with Colombia is a major obstacle to executing U.S.-supported economic development programs. Foreign Military Financing (FMF) support will focus on providing tactical vehicles, communications equipment, equipment to enhance costal and riverine mobility, and logistics packages for the armed forces. FMF will also support operations and maintenance of logistical aircraft. Ecuador has sent peacekeeping troops to Haiti, and FMF funds will increase Ecuador's readiness for such peacekeeping operations.

Ecuador is eligible in FY 2006 to receive Excess Defense Articles (EDA) under Section 516 of the Foreign Assistance Act. Transfer of grant EDA to Ecuador will provide maintenance, office and communications equipment and aircraft to enhance Ecuador's counternarcotics program. Equipment will include such items as night vision devices, communications, and vehicles. Support for the air force includes spare parts, and training and to improve the air force's airlift and mobility capacity. Additionally, training, spare parts, and communications assistance will assist riverine and coastal units involved in interdiction. NADR Small Arms and Light Weapon funds will be available to help the GOE destroy MANPADS, excess Small Arms and Light Weapons, and ammunition.

El Salvador

(\$ in thousands)

Account	FY 2004 Actual	FY 2005 Estimate	FY 2006 Request
CSH	7,150	7,375	6,465
DA	27,155	27,194	18,889
FMF	5,000	1,488	13,000
IMET	1,480	1,600	1,600
P.L. 480 Title II	630	-	-
Peace Corps	2,158	2,576	2,558

The principal U.S. interests in El Salvador are supporting democracy, fighting international crime and illegal drugs, encouraging economic development and prosperity, deterring illegal immigration, and promoting U.S. exports. The benefits of this policy are internal and regional stability, fewer criminal threats to the United States, reduced illegal immigration, and increased trade. El Salvador is a regional model for economic, military, and institutional reform.

Broad-based economic development in El Salvador will improve prospects for U.S. exports and help reduce the pressures driving illegal immigration. One of the greatest prospects for this economic growth is through implementation of the U.S.-Central America Free Trade Agreement (CAFTA). Development Assistance (DA) will be used to build trade capacity, improve competitiveness and increase job creation, by assisting the Government of El Salvador (GOES), as well as producers and small businesses, to benefit from free trade regimes. DA programs will assist the rural poor by improving agricultural productivity and export marketing, strengthen small and medium enterprise capacity and access to credit, protect water resources through improved watershed management and expand access to quality basic education. DA resources will help address impediments to free trade expansion, including increasing GOES and private sector capacity to meet U.S. import standards and to help the GOES implement fiscal policy reforms to increase tax revenues needed to finance social sector investment. The program will strengthen democratic institutions by streamlining judicial process, expanding the use of alternative dispute resolution, supporting efficient local government through decentralization, promoting anti-corruption programs and providing training for political party development.

Child Survival and Health (CSH) funds will improve child and maternal health among the rural population through activities, which enhance health systems capacity, coverage and efficiency; and improve reproductive health services. Funds will expand access to obstetric and infant care services; improve community health through better nutrition and improved access to clean water and sanitation; and, prevent infectious disease, including HIV/AIDS.

International Military Education and Training (IMET) funds will be used for professional training programs that will maintain the professionalism of the Salvadoran military. El Salvador will become eligible in FY 2006 to receive Excess Defense Articles (EDA) on a grant basis under Section 516 of the Foreign Assistance Act. Transfer of EDA to El Salvador contributes to U.S. interests by reducing the burden placed on the United States in responding to natural disasters and providing humanitarian assistance. EDA fosters defense cooperation and enables the Salvadoran military to respond more effectively to contingencies such as Hurricane Mitch and the 2001 earthquakes. EDA will also increase the ability of the Salvadoran armed forces to support efforts to fight drug trafficking and will help the Salvadorans shift from combat-oriented units to units that can support peacekeeping operations.

El Salvador has proven to be an enthusiastic and reliable partner and has deployed three consecutive contingents of over 360 troops each to Iraq in support of Operation Iraqi Freedom. Their efforts have directly contributed to the creation of over 29 humanitarian projects, providing much needed stability in their region of Iraq. El Salvador is home to one of the three Forward Operating Locations (FOL) in the hemisphere, which support the U.S. priority of counterdrug operations in the Pacific corridor and Colombia. The Salvadoran Legislative Assembly ratified the FOL agreement in August 2000, and since that time, FOL operations have been responsible for the interception of over 140 metric tons of cocaine. El Salvador is a transit point for illegal immigration and drugs to the United States, and Foreign Military Financing (FMF) will allow the Government of El Salvador to better patrol its borders. These funds will also be used to improve the navy's interdiction capabilities and availability to participate in joint maritime interdiction efforts through the acquisition of communications equipment, training, as well as operations and maintenance support. FMF will be used for spare parts to help restore and sustain the significant U.S. investment in the 1980-90's in EDA UH-1 helicopters, maritime vessels, and engineering equipment, used today for counternarcotics operations and for post-disaster reconstruction. Disaster relief has created a needed and positive role for the military, helping to erase years of popular mistrust of the armed forces and preparing the government of El Salvador to deal with future emergencies and to participate in coalition operations such as those in Iraq.

In support of our principal law enforcement interests in El Salvador, programs funded by International Narcotics Control and Law Enforcement (INCLE) Latin American Regional funds will be used to strengthen police management systems, including internal affairs and investigative functions. INCLE will continue to provide training and technical support related to counter-narcotics and money laundering, police anti-street gang initiatives, as well as equipment and operational support to police units combating trafficking in humans.

Guatemala
(\$ in thousands)

Account	FY 2004 Actual	FY 2005 Estimate	FY 2006 Request
ACI	-	992	-
CSH	11,400	11,600	9,896
DA	12,362	10,900	9,661
ESF	4,971	5,952	4,000
FMF	-	-	500
IMET	504	350	400
INCLE	3,000	-	2,500
P.L. 480 Title II	14,723	18,033	16,306
Peace Corps	3,601	3,727	3,589

The United States has an interest in promoting political stability and economic growth in Guatemala – the largest economy in Central America – and in improving bilateral cooperation to combat corruption and transnational criminal activities. We are working with the government of President Oscar Berger, in office one year, to create a more effective partnership with Guatemala across a range of national security-related issues, including narcotics trafficking, trafficking in persons, and illegal immigration. The Government of Guatemala has signed an agreement with the UN to create a resident office of the UN’s Office of the High Commissioner for Human Rights that will have authority to investigate and report on human rights abuses. As Guatemala’s key trade partner, the United States also has an important interest in encouraging an open trading system and a healthier investment climate to attract U.S. investment and provide a robust market for U.S. exports. Ratification of the U.S.-Central America Free Trade Agreement (CAFTA) will provide an important opportunity for Guatemala to attract investment, create jobs, and deepen regional economic integration. The considerable number of resident and tourist American citizens in Guatemala receive direct benefits from U.S. assistance to improve Guatemalan law enforcement and administration of justice.

Support for full implementation of the 1996 peace accords remains a high priority for U.S. policy. Implementation is creating positive socio-economic change which can bolster stability, foster greater political legitimacy, and promote broad-based economic growth. FY 2006 Economic Support Funds (ESF) will strengthen key elements of a functioning democracy: the justice system and local governance. Specifically, ESF funds will improve the justice sector through the establishment of decentralized justice centers, promote effective and democratic governance of the security sector (i.e., crime prevention efforts that include community-based police assistance), promote and support anti-corruption measures, and support democratic local government and decentralization. ESF-funded programs to enhance administration of justice will help the government strengthen criminal justice institutions, including the police, as well as enforce laws related to protection of intellectual property, worker rights, and other human rights.

Development Assistance (DA) funds will support anti-corruption measures and democratic local government and decentralization as well as to support national reconciliation. DA funds will help the Ministry of Education to address priority problems, such as high levels of repetition in first grade and inadequate accountability mechanisms, such as standardized tests and teacher evaluations. DA funds will enhance fuller participation of Guatemala in today’s global trade and investment system, improve Guatemala’s economic policy and governance, improve private sector growth and competitiveness, promote sustainable management of natural resources and biodiversity conservation, and promote public-private alliances as a principal business model.

Child Survival and Health (CSH) funds will support the Government of Guatemala's efforts to create a healthier, better-educated population through greater social sector investment and transparency. Working through the Ministry of Health (MOH) and non-governmental organizations (NGOs), funds will expand Guatemala's health system capacity; improve maternal and child health and nutrition; reduce unintended pregnancy and improve reproductive health behavior; reduce HIV/AIDS; and promote public-private alliances to address health issues.

Following a 15-year hiatus, in FY 2006, Foreign Military Financing (FMF) funds will support military reform and enhance interoperability with U.S. and other forces for peacekeeping and multilateral counternarcotics operations. FMF funds may support standardization of logistics; communications, command and control activities; aircraft logistics and maintenance.

International Military Education and Training (IMET) funds will support the continued modernization and professionalization of the Guatemalan armed forces. IMET funds will fund Expanded IMET (E-IMET) courses for military officers and civilians with a focus on the following themes: civilian control of the military, respect for human rights, military justice reform, and management of defense resources. IMET-funded courses will support Guatemalan military efforts to participate in international peacekeeping operations and improve disaster response capabilities. Guatemala is eligible in FY 2006 to receive Excess Defense Articles (EDA) on a grant basis under Section 516 of the Foreign Assistance Act. Non-lethal EDA will be granted on a limited case-by-case basis to enhance interoperability and modernization efforts, improve military support of civilian law enforcement efforts against drug traffickers and traffickers of persons, and strengthen humanitarian and disaster response capabilities. We have received excellent cooperation from Guatemala on repatriation of illegal migrants bound for the U.S. In 2004, Guatemala worked with the Department of Homeland Security to repatriate more than 1,000 illegal aliens, mainly from Ecuador.

Guatemala's strategic location makes it a significant transit point for narcotics flows destined for the United States. FY 2006 International Narcotics Control and Law Enforcement (INCLE) funds will support U.S.-Guatemalan counter-narcotics cooperation by providing training and equipment for the anti-narcotics division of the national civilian police force, and commodity support to specific military units which provide transportation for civilian counter-narcotics authorities during joint US-Guatemalan interdiction and eradication operations. INCLE funds will also assist in modernizing the judiciary and to reform anti-drug and money laundering legislation.

INCLE funds will expand the activities of prosecutors and investigators involved in anti-money laundering, anti-corruption and counternarcotics investigation task forces. They will support an aggressive public awareness campaign on the damage inflicted by drug abuse and trafficking, and continue ongoing port-of-entry security projects.

Guyana
(\$ in thousands)

Account	FY 2004 Actual	FY 2005 Estimate	FY 2006 Request
CSH	1,700	-	-
DA	2,850	3,457	3,938
FMF	95	99	100
GHAI	5,097	13,153	21,362
IMET	359	300	300
Peace Corps	1,489	1,539	1,515

U.S. interests in Guyana focus on bolstering democratic institutions, essential to long-term development and stability. In FY 2006, Development Assistance (DA) funds will strengthen the law-making and regulatory process, increase the capacity of civil society organizations, encourage the growing participation of women in government, and build sustained institutional capacity to conduct free and fair elections. A new DA-funded activity will improve the media's capacity to analyze and report on policy issues and conduct investigative reporting. Alternative dispute resolution for civil cases will be further developed and possibly expanded to criminal cases. Mechanisms will be developed to promote inter-ethnic cooperation and resolve national and local conflicts.

Guyana is one of the poorest countries in the hemisphere with a per capita income of less than \$1000. Guyana's economic development and political stability are closely linked. Economic growth since 1998 averaged 0.3% annually. In 1999, Guyana qualified for debt relief under the initial stage of the Heavily Indebted Poor Countries (HIPC) initiative. Given the small size of Guyana's domestic market, renewed growth must come largely from exports, which will require substantial economic reform. DA funds will improve the climate for private investment, enhance sound economic policies, strengthen the private sector's influence on policy development, and support small and micro enterprises. The slow opening of Guyanese markets will create small niches for U.S. exports.

The Guyana Defense Force (GDF) is inadequately funded, but bilateral military cooperation is growing. FY 2006 Foreign Military Financing (FMF) will purchase communications equipment, spare parts for vehicles, aircraft, and associated training. Guyana will be eligible in FY 2006 to receive Excess Defense Articles (EDA) on a grant basis under Section 516 of the Foreign Assistance Act. EDA boats and International Military Education and Training (IMET) will significantly boost the GDF Coast Guard's ability to interdict narcotics, as well as promote civil affairs and improve crisis management. IMET will increase the capabilities of the GDF and strengthen regional stability.

HIV/AIDS is a growing problem in Guyana. Guyana is a focus country of the President's Emergency Plan for AIDS Relief (Emergency Plan). In FY 2006, Global HIV/AIDS Initiative (GHAI) funds will be used to rapidly expand prevention, treatment, and care activities through improvement of the central medical center in the capital and an increase in the number of integrated HIV/AIDS service sites elsewhere. Geographic expansion to at least four additional antiretroviral delivery sites is expected in 2006. Further details are provided under Section 1 under the heading Global HIV/AIDS Initiative.

Guyana is an increasingly important transit point for narcotics destined for the United States and Europe. A small USG counternarcotics/crime program is funded through the International Narcotics Control and Law Enforcement (INCLE) Latin American Regional program. The program will provide limited equipment and training to Guyana's under-equipped, inexperienced counternarcotics agencies. With USG help,

Guyana established a Joint Information Coordination Center. INCLE funds will be used to establish a new Financial Investigations Unit to implement Guyana's anti-money laundering law. DA programs to strengthen the rule of law and increase the effectiveness of the judicial system will reinforce these programs.

Haiti
(\$ in thousands)

Account	FY 2004 Actual	FY 2005 Estimate	FY 2006 Request
CSH	22,783	20,000	19,320
DA	8,899	25,000	-
ESF	54,982	39,680	50,000
FMF	295	298	1,000
GHAI	13,047	39,373	46,995
IMET	235	150	215
INCLE	-	-	15,000
P.L. 480 Title II	30,470	37,703	32,529
Peace Corps	1,403	1,392	1,414
PKO	210	-	-
TI	-	-	30,000

U.S. interests in Haiti include promoting sustainable democracy and respect for human rights, stemming the flow of undocumented migrants and illegal drugs, fighting hunger and HIV/AIDS, encouraging economic development, and effective cooperation with the UN. The U.S. is by far the lead exporter to, and investor in, Haiti. Haiti's migration, drug, HIV/AIDS, and economic problems all have an impact upon the wider Caribbean region.

Haiti is classified by the World Bank as a low-income country. With an annual per capita Gross Domestic Product (GDP) of about \$420, negative overall real GDP growth since 1990, and 70% unemployment and underemployment, Haiti's short- and medium-term economic prospects are grim. Two-thirds of all Haitians live below the absolute poverty line, unable to obtain minimum daily caloric intake.

Following the resignation and departure of Jean Bertrand Aristide and the constitutional succession of an interim President in February 2004, a Council of Notables named an interim Prime Minister who, in turn, organized an interim government. In coordination with the UN and other international donors, U.S. policy is promoting national reconciliation, economic reactivation, and an improved security climate. Our aid supports the creation of an environment in which free and fair elections can be held, the reform of the Haitian National Police, and the rebuilding of government institutions.

By supporting independent media, human rights organizations and the fight against corruption, and justice reform, U.S. assistance will promote a transition to stable democratic governance.

U.S. bilateral development assistance, much of which is channeled through non-governmental organizations (NGOs), supports U.S. national interests by averting humanitarian crises and promoting democratic and economic development. U.S. programs to reduce poverty and improve health directly address conditions that contribute to illegal immigration to the United States. Development Assistance (DA) will continue to promote economic growth through activities aimed at increasing the incomes of small agricultural producers, and broadening the availability of credit and financial services to small and micro entrepreneurs. Recognizing that Haiti's extreme environmental degradation will continue to undermine prospects for long-term development and sustainable growth, activities will be introduced focusing on soil conservation, watershed management, reforestation, and alternate energy sources. Continuing education activities will seek to improve the quality of primary education and educational services to out-of school youth.

With elections scheduled in late 2005, we expect to begin working with a new, democratically elected government in FY06. ESF funds can then be more focused toward long-term development. These funds will be used to provide technical assistance to the newly elected parliament and government ministries as they continue the rebuilding process. As part of our technical assistance, we will help the government to enable private sector growth and long-term job creation. We will continue to provide support necessary to reform the Haitian National Police into an apolitical security service capable of providing a secure environment to all of the Haitian people and expect to expand training programs for judicial personnel. ESF funds will also be used to support anti-corruption programs and the protection of human rights.

Outside of sub-Saharan Africa, Haiti is the country most severely affected by HIV/AIDS, and is second only to Brazil in the Western Hemisphere in the absolute number of persons living with HIV. As one of the focus countries of the President's Emergency Plan for AIDS Relief (Emergency Plan), Haiti will receive increased funding from the Global HIV/AIDS Initiative (GHAI) account to be used to scale-up prevention, treatment and care activities, strengthen the public health network capacity through training, and develop public/private partnerships. Further emphasis will be placed on providing palliative care to reach greater numbers of people living with HIV/AIDS. Further details are provided in Section I under the heading Global HIV/AIDS Initiative.

Child Survival and Health (CSH) funds will improve the health and well-being of women and children, reduce malnutrition, help families make informed reproductive decisions and slow the spread of tuberculosis, HIV/AIDS and other sexually transmitted or infectious diseases.

Haiti's military was disbanded and replaced by a civilian police force, the Haitian National Police (HNP), in 1995. As Foreign Military Financing (FMF) and International Military Education and Training (IMET) are restricted to the Haitian Coast Guard (HCG), our assistance will be focused on courses that enhance HCG operational and logistics skills. This training will provide an increased level of professionalism in counternarcotics operations to include combined operations with the United States. FMF will be used to enhance maritime interdiction and interoperability capabilities including support for the purchase and installation of communication equipment, and the provision of spare parts and maintenance for patrol vehicles and the HCG, which has been an important partner in our efforts to combat transnational crime.

Haiti remains eligible in FY 2006 to receive Excess Defense Articles (EDA) on a grant basis under Section 516 of the Foreign Assistance Act. Transfer of EDA will promote our long-standing interests in strengthening democracy and reducing the flow of illegal narcotics and undocumented aliens. Receipt of EDA, such as boats for the Haitian Coast Guard, will increase Haiti's capacity to patrol its coastline to interdict drug traffickers and alien smugglers.

Honduras
(\$ in thousands)

Account	FY 2004 Actual	FY 2005 Estimate	FY 2006 Request
CSH	12,777	13,340	10,853
DA	22,797	21,606	19,925
FMF	2,375	992	1,000
IMET	1,309	1,100	1,100
P.L. 480 Title II	7,450	14,009	14,187
Peace Corps	4,063	4,035	3,828

Honduras, a close neighbor and long-time U.S. ally, is moving in the right direction for long-term economic growth. In 2004, Honduras joined the United States and five other countries in signing the U.S.-Central America Free Trade Agreement (CAFTA), was selected to apply for the Millennium Challenge Account (MCA) funding, and implemented a 3-year International Monetary Fund (IMF) poverty reduction and growth program.

U.S. assistance will focus upon a number of chronic problems that plague Honduras: fragile democratic institutions, limited infrastructure, and weak social, public security and judicial systems. Rising gang-related crime, endemic corruption, drug trafficking, and trafficking in persons remain serious concerns. U.S. assistance supports national interests by helping to:

- strengthen democratic institutions, the rule of law, and social systems;
- deter narcotics trafficking and other criminal activity;
- ensure regional stability;
- promote employment (and thereby discourage illegal immigration);
- provide greater legal protection and security for U.S. citizens and firms; and
- provide market and investment opportunities for U.S. businesses.

Bilateral relations are strong. The Honduran government supports the war on terrorism, has signed and ratified an ICC Article 98 Agreement, and deployed troops to Iraq in support of Operation Iraqi Freedom. In 2004, the government has significantly increased efforts to interdict illegal drugs en route to U.S. markets.

In FY 2006, U.S. Development Assistance (DA) funds will support the diversification and competitiveness of the Honduran economy and provide trade capacity building to meet the challenges and opportunities afforded by CAFTA. Assistance for more effective natural resource management and disaster preparedness will be provided. In addition, DA funds will help improve access of rural women and children to basic education and health care. Democracy and governance programs will focus on strengthening the judicial system, decentralization, municipal development, and civil society development. New funding for civil society, anti-corruption and electoral reform efforts will allow the U.S. to capitalize on the current political momentum to advance fundamental reforms in Honduras' political system. ESF funding will be used for election support, anti-corruption and justice programs (including training and support of the Ministry of Public Security and Attorney General's Office), as well as trade capacity building in environment and labor matters.

Honduras faces a relatively high level of infant mortality, HIV/AIDS, and chronic undernourishment. Child Survival and Health (CSH) programs will focus on preventing HIV/AIDS, as well as improving reproductive health and family planning, child survival and household food security.

The International Military Education and Training (IMET) program for Honduras will enhance Honduran military professionalism, respect for human rights, technical expertise, capabilities in the war on terrorism, and regional military cooperation. Honduras will be eligible in FY 2006 to receive Excess Defense Articles (EDA) on a grant basis under Section 516 of the Foreign Assistance Act. EDA will contribute to Honduras' counterterrorism capacities, strengthen narcotics trafficking interdiction efforts, and enable the Honduran Armed Forces (HOAF) to better conduct disaster relief and search and rescue missions.

International Narcotics Control and Law Enforcement (INCLE) funds from the Latin America Regional account are used to support Honduras' expanding anti-drug programs, which serve to amplify and reinforce our own hemispheric law enforcement efforts.

Foreign Military Financing (FMF) will provide critical maintenance, training, and operational support for the HOAF to help improve regional and coalition operations. It will standardize and sustain HOAF equipment for possible future contingency operations. FMF will enhance maritime interdiction capabilities through the acquisition of communications equipment, spare parts, training and logistics support, and sustain HOAF efforts to maintain the operations of its aging ground vehicles and aircraft.

Jamaica
(\$ in thousands)

Account	FY 2004 Actual	FY 2005 Estimate	FY 2006 Request
CSH	4,621	4,559	3,292
DA	14,160	12,882	10,905
FMF	597	595	600
IMET	700	700	700
INCLE	1,500	1,488	1,000
Peace Corps	2,608	2,927	2,867

U.S. interests in Jamaica include stemming the flow of illegal narcotics and migrants, ensuring the safety and security of Americans on the island, protecting the interests of U.S. investors and supporting Jamaica's constructive leadership role in the region. U.S. programs foster sustainable economic growth, combat narcotics trafficking, bolster the effectiveness of Jamaica's security forces and judicial organs and alleviate social ills.

Jamaica is a major Caribbean transit point for South American cocaine en route to the United States and is the largest producer and exporter of marijuana in the Caribbean. The Jamaica Defense Force (JDF) has demonstrated during joint counternarcotics exercises with the United States under our bilateral maritime agreement that it is professional and well trained. Jamaica is eligible in FY 2006 to receive Excess Defense Articles (EDA) on a grant basis under Section 516 of the Foreign Assistance Act. Transfer of grant EDA to Jamaica will support the JDF's role as a stabilizing force in the Caribbean through active involvement in search and rescue missions, disaster relief and counternarcotics and peacekeeping operations. It will also enhance interoperability in U.S.-Caribbean joint exercises. FY 2006 Foreign Military Financing (FMF) funds will provide valuable technical support, communications equipment, training, spare parts and operations and maintenance for the JDF Air Wing aircraft and coast guard. Support will also continue for Jamaica Regiment vehicles, ammunition, weapons, night vision goggles and other equipment for soldiers. International Military Education and Training (IMET) funding will assist the GOJ through training programs that focus on professionalizing the military, developing future leaders, inculcating better resource management capability, and instilling a greater respect for human rights.

U.S. counternarcotics funding (INCLE) assists GOJ anti-drug agencies to improve their detection and interdiction capabilities and undertake investigations leading to the arrest and successful prosecution of major drug traffickers and criminal organizations. U.S. funding supports implementation by the GOJ of modern anti-crime legislation, as well as the development of effective anti-corruption mechanisms. Training will include investigating and prosecuting complex crimes, anti-money laundering, port security, counter-corruption, and tracing illicit firearms.

U.S. Development Assistance (DA) programs will help Jamaica transform itself into a more competitive economy by fostering open trade and reducing constraints that limit growth. Programs will facilitate the protection of natural resources to support growth by encouraging improved environmental practices. Education interventions will focus on increasing the literacy and numerical skills of the country's youth. The program will improve the efficiency and transparency of the justice system and strengthen civil society for increased governance and governmental accountability. Through Child Survival and Health (CSH) funding, a variety of programs work to improve the health status of Jamaican youth by controlling the spread of HIV/AIDS and other sexually transmitted diseases.

Mexico
(\$ in thousands)

Account	FY 2004 Actual	FY 2005 Estimate	FY 2006 Request
CSH	3,700	3,230	3,230
DA	17,282	14,888	16,208
ESF	11,432	13,392	11,500
FMF	-	-	2,500
IMET	1,275	1,250	1,100
INCLE	37,000	39,680	30,000
Peace Corps	987	1,239	1,748

With a 2,000-mile common border, the United States and Mexico share concerns that include security, health, environment, commerce, demographics, and border infrastructure. Mexico has been an effective partner in addressing counterterrorism and border security vulnerabilities. The bilateral relationship is marked by unprecedented cooperation in such areas as immigration, law enforcement and counternarcotics, hemispheric affairs, and trade and investment expansion. Mexico is the United States' second largest trading partner. Trade has almost tripled under NAFTA, from \$81 billion in 1993 to \$236 billion in 2003.

U.S. assistance seeks to encourage the ongoing transition of Mexico toward a more open and participatory government. Economic Support Funds (ESF) and Development Assistance (DA) funds will promote democracy and improved economic competitiveness by strengthening the rule of law and supporting greater transparency and accountability in government. Funds will be used for technical assistance and training to support civil and criminal justice reform and greater respect for human rights, and greater access to justice for disadvantaged populations in selected states.

In FY 2006, ESF will support the Training, Internships, Exchanges, and Scholarships (TIES) program. The TIES program will provide training opportunities in the United States for young Mexicans who work in areas that stimulate Mexico's economic growth and social development. TIES has two components: academic training in the United States and technical degrees and higher education partnerships between Mexican and U.S. institutions.

FY 2006 Child Survival and Health (CSH) funds will support HIV/AIDS and tuberculosis prevention and control programs. By working to strengthen the national network of citizen groups and the media, these funds will improve the health policy environment. The TB program will strengthen Mexico's capacity to plan, administer, and implement prevention and control efforts through better laboratory networks, improved technical skills for staff, and targeted community health education.

DA will support microfinance activities to increase access to financial services by underserved populations, with a focus on rural areas. They will build the capacity of microfinance institutions, improve the supervisory system, and leverage remittances for savings and investment. DA will encourage new market linkages between small and medium producers and supermarkets; generate new sources of eco-friendly business income, such as shade-grown Chiapas coffee; and form U.S. and Mexican university partnerships for joint action on rural development.

Finally, DA will improve the management and conservation of natural resources in targeted watersheds. Funds will increase community capacity and the involvement of local NGOs in natural resource management, establish alliances among the Mexican government, local communities, and NGOs, and support improved management and clean energy production.

Mexico remains the major transit country for cocaine entering the United States and a major money-laundering center. Mexican opium poppy and marijuana cultivation and the production of heroin and synthetic drugs are serious threats, and Mexican crime organizations figure prominently in the distribution of cocaine, heroin, methamphetamines, and marijuana in the United States. International Narcotics Control and Law Enforcement (INCLE) funds for FY 2006 will sustain and build upon the progress made since 2001 in interdiction capacity, supporting successful eradication efforts, and enhancing surveillance and intelligence capabilities. INCLE funds will improve infrastructure at ports of entry to enhance security and facilitate the legitimate and secure movement of people and goods as part of the U.S.-Mexico Border Partnership signed in 2002—a key goal in preventing the use of Mexican territory by terrorists seeking to harm the United States.

Mexican military cooperation is critical to U.S. homeland defense and counter-narcotics programs. FY 2006 International Military Education and Training (IMET) funds will provide training to strengthen military command and technical capabilities, human rights standards, resource management, and English-language skills. These programs will increase interoperability and enhance cooperation in counterdrug and other law enforcement support missions. The Mexican military has significant responsibility for domestic counterterrorism operations and therefore increased engagement and Foreign Military Financing (FMF) funds are imperative to improve joint counterterrorism efforts along this long U.S. border. FMF funds will complement our already broad engagement with Mexico on homeland security activities by improving the capability of Mexican forces to respond to terrorist threats by providing equipment and training to Mexican military units. These funds will likely support training and improvements in naval and air interdiction and radar capabilities, as well as the acquisition of communications and detection equipment.

Mexico will be eligible in FY 2006 to receive Excess Defense Articles (EDA) on a grant basis under Section 516 of the Foreign Assistance Act. Transfer of grant EDA to Mexico serves high-priority U.S. foreign policy objectives by enhancing Mexico's capabilities to counter terrorism and in the struggle against the illicit production and traffic in narcotics.

Nicaragua
(\$ in thousands)

Account	FY 2004 Actual	FY 2005 Estimate	FY 2006 Request
ACI	-	992	-
CSH	7,406	7,806	5,976
DA	25,536	26,800	21,311
ESF	-	3,472	1,875
FMF	938	496	750
IMET	779	600	600
NADR-SALW	300	300	-
P.L. 480 Title II	7,046	8,994	12,228
Peace Corps	2,499	2,613	2,452
PKO	500	-	-

The primary national interests of the United States in Nicaragua are supporting and strengthening democratic institutions, fostering regional security and preventing international crime, while promoting broad-based economic growth. Since the return of a democratically elected government in 1990, Nicaragua has made great strides. President Bolaños has fought an unprecedented and popular battle against corruption. These efforts have cost him the political capital needed to exercise strong leadership on key issues and accomplish his legislative agenda. Nicaragua has witnessed significant economic change over the past decade, opening its markets and actively seeking foreign investment. As a result of these changes, Nicaragua was designated as eligible for MCA funding.

Nicaragua remains the second poorest country in the hemisphere. Government spending, remittances from Nicaraguans abroad, and foreign aid account for a significant portion of economic activity. The economy has been sluggish for the past three years because of recession, low coffee prices, bank failures, and drought. As a result of successful performance under its International Monetary Fund policy program and other efforts, Nicaragua qualified in early 2004 for some \$4 billion in foreign debt reduction under the Heavily Indebted Poor Countries initiative. Even after this reduction, however, the government continues to bear a significant foreign and domestic debt burden. If ratified, the U.S.-Central America Free Trade Agreement (CAFTA) will provide an opportunity for Nicaragua to attract investment, create jobs, and deepen economic integration with its Central American neighbors and the United States. Continuing U.S. engagement remains an important component of Nicaragua's ongoing effort to become a stable and more prosperous partner.

Development Assistance (DA) is the backbone of our democracy programs in Nicaragua, which encompass justice sector reform, civil society strengthening, municipal development, accountability/anti-corruption, and electoral administration reform. Institutions remain weak and subject to manipulation, making U.S. support in each of these areas crucial. DA and Child Survival and Health (CSH) funds support improved access to, and quality of, basic education, improved health for rural women and children, and food security. DA is crucial to U.S. efforts to promote sustainable natural resource management and increase rural incomes. DA funds support trade capacity development, rural economic diversification, enterprise development (including microenterprise development), infrastructure, and technical assistance to producers, including farmers.

The Economic Support Fund (ESF) request for FY 2006 will support the preparation for Nicaragua's national elections in 2006 and trade capacity building. Electoral assistance is critical both for preparing for

free and fair elections and for developing oversight mechanisms required for the administration of elections. ESF will strengthen the electoral commission and to assist NGOs to support development of a domestic monitoring capability to oversee not only the election event, but also the entire electoral process. Funds for trade capacity building will support competitiveness in the economy and develop Nicaragua's policy and institutional environment enabling the country to take full advantage of, and fully comply with, CAFTA.

International Military Education and Training (IMET) funds serve both to promote regional security and to strengthen democratic institutions. The army has made significant strides in professionalizing and depoliticizing its officer corps, and is now largely subordinate to a civilian president. To further this trend, IMET will provide courses in professional military education, to include command and staff colleges, military resource management, human rights, and the role of a modern military within a democratic framework. These courses are crucial if Nicaraguan civilian leaders -- many of whom have little direct experience with military institutions -- are to lead the military effectively.

Foreign Military Financing (FMF) funds will enhance the military's new role as a nation-building institution and support modernization, enabling Nicaraguan forces to participate in multilateral operations and interdictions. FMF will increase the tactical mobility of the army, fund the purchase of communications equipment needed for multilateral and disaster response operations, and provide support patrol boats and infrastructure. Nicaragua committed forces for stability operations in Iraq, but required additional equipment and training prior to deployment. It will be important to use FMF to sustain this equipment in preparation for future regional or coalition operations. FMF will purchase communications equipment, training, specialized equipment, and other material for its special forces. FMF programs will support the acquisition of equipment to enhance the MOD's control over the military. Nicaragua is eligible in FY 2006 to receive Excess Defense Articles (EDA) on a grant basis under Section 516 of the Foreign Assistance Act. Transfer of grant EDA to the GON will strengthen the military's capacity to interdict narcotics and conduct disaster relief missions.

Success in protecting and promoting U.S. national interests in Nicaragua depends in part on how well narco-trafficking and other transborder crime is addressed. International Narcotics Control and Law Enforcement (INCLE) Latin America Regional funds reinforce our own law enforcement efforts in the region. We will provide training and equipment to the anti-drug division of the Nicaraguan National Police and strengthen the interdiction capabilities of Nicaragua's maritime forces by providing "fast boats," rebuilding the GON's larger patrol vessels, and equipping naval outposts on the Atlantic Coast. Judicial system improvements and anti-corruption projects fortify this work on the institutional level.

In Nicaragua, funds from the Organization of American States/ Inter-American Development Bank (OAS/IADB) and Nonproliferation, Anti-terrorism, Demining, and Related Programs (NADR) support one of the most successful humanitarian demining operations in the Western Hemisphere -- another crucial aspect of our efforts to ensure peace, economic development, and regional stability. As in the past, U.S. humanitarian demining contributions for Central America will be directed to the OAS. Most FY 2006 funds will continue to support clearance in the Northern Atlantic Autonomous Region and mine detection dog operations. Clearance operations are expected to be completed in 2006. The NADR humanitarian demining program may expand options for victims' assistance in Nicaragua with FY 2006 funds. Nicaragua has excess Small Arms/Light Weapons stocks, which are at risk of leaking into conflicts in Latin America, Africa and the Middle East. In FY 2006 we will continue supporting the GON's efforts to destroy some of those weapons and secure inventories.

Panama
(\$ in thousands)

Account	FY 2004 Actual	FY 2005 Estimate	FY 2006 Request
ACI	6,487	5,952	4,500
DA	5,622	5,177	6,604
ESF	1,000	2,976	2,000
FMF	2,000	992	1,100
IMET	558	600	600
NADR-EXBS	40	25	50
Peace Corps	2,478	2,856	2,571

U.S. interests in Panama include strengthening regional security, combating international crime, and supporting democracy. Canal security continues to be a priority. Panama's Colon Free Zone is the largest free trade zone in the Hemisphere, and Panama is seeking to further liberalize bilateral commercial relations through a negotiated free trade agreement with the United States. Panama is a major overseas financial center and the world's largest ship registry, with 6,300 vessels flying the Panamanian flag. The country's strategic location between South and North America makes it a crossroads for international commerce, but also a transient country and center for illegal activity such as drug trafficking, money laundering, trafficking in arms, and illegal immigration. Refugees and incursions by armed insurgents from Colombia's civil conflict pose additional challenges. The United States continues to cooperate with Panamanian law enforcement and other government and non-governmental entities to counter transnational crime and help address the effects of the Colombian conflict, especially in the Darien region that borders Colombia.

In FY 2006, democracy and governance projects funded from Andean Counterdrug Initiative (ACI) will bolster Panama's border area with Colombia to mitigate illicit activities. ACI will support cooperative programs aimed at interdicting the illegal flow of drugs, arms, and persons through Panama. We will enhance Panama's capability to combat money laundering and other financial activities that support trans-border crimes and terrorism.

Economic Support Funds (ESF) will improve access to justice and alternative dispute resolution mechanisms, increase accountability and transparency in public management; and strengthen administration of justice at the community level. Funds will support projects to improve the efficiency and fairness of the system of administration of justice and initiate a new governance activity to combat corruption. Through cooperation between USAID, the GOP, and Panamanian NGOs, the United States will promote environmental protection and management policies and programs designed to protect the Canal watershed.

Foreign Military Financing (FMF) will augment the GOP's counter-terrorism efforts, security programs and maritime interdiction activities. This will be achieved by assisting in the development of the Panamanian Public Forces' (PPF) capabilities to respond to threats against critical infrastructure, specifically the Canal, by improving the security posture on the border with Colombia, by enhancing the PPF's mobility with additional vehicles, including riverine patrol craft, and by improving communications equipment and logistical packages. Additionally, this support will enhance the PPF's riverine and inter-coastal interdiction capabilities against trafficking of drugs, arms and people in the border region. Panama's interdiction efforts will also benefit from limited FMF support as part of Operation Enduring Friendship. Panama and the United States

concluded a Proliferation Security Initiative (PSI) agreement in May 2004. This ship-boarding agreement allows U.S. personnel, in cooperation with Panamanian authorities, to board ships suspected of carrying weapons of mass destruction. The United States works with the Government of Panama (GOP) pursuant to treaty obligations to help assure the security and smooth operation of the Panama Canal, while continuing to encourage and assist Panama to meet maritime security obligations as set forth by the International Maritime Organization.

The International Military Education and Training (IMET) program will provide training in the rule of law and human rights. IMET courses also will develop PPF abilities to respond tactically to threats against the Canal and other infrastructure, using short-duration technical, logistical and operational courses focused on security and counterterrorism.

As part of its efforts to prevent the proliferation of weapons of mass destruction, their delivery systems, related technologies, and other weapons, the United States provided Nonproliferation, Anti-terrorism, Demining, and Related Programs (NADR) funds to the Export Control and Related Border Security (EXBS) assistance program to establish a more effective export control system in Panama. \$50,000 of FY 2006 NADR funds will be allocated to these efforts through assistance with the implementation of a national export control law and control list through continued training programs

Panama is eligible in FY 2006 to receive Excess Defense Articles (EDA) on a grant basis under Section 516 of the Foreign Assistance Act. Transfer of grant EDA to Panama will bolster Panama's capabilities to provide security for the Canal, secure its maritime borders against international criminal smuggling activities, and deal with possible spillover from Colombia's civil war.

Paraguay
(\$ in thousands)

Account	FY 2004 Actual	FY 2005 Estimate	FY 2006 Request
CSH	2,325	2,000	1,477
DA	4,140	3,785	6,788
ESF	2,982	2,976	2,550
IMET	-	250	50
Peace Corps	3,020	3,066	2,915

Primary U.S. national interests in Paraguay include the consolidation of democracy and fortification of the open market system, fighting corruption and combating terrorism. Our programs protect intellectual property rights, fight narcotrafficking and transnational crime, and promote responsible environmental management, public health and sustainable development.

Economic Support Funds (ESF) and Development Assistance (DA) funds will strengthen the capacity of private and public sectors to fight corruption and demand reforms. ESF will promote democracy by strengthening civil society, encouraging anti-corruption reforms, and supporting democratic political parties. DA funding assists local governments, improving access to and accountability in the justice sector. DA funding will promote economic growth through diversification of markets and products and broadening economic opportunities for the poor. DA funding will be used to help manage key environmental issues, including the implementation of an effective national policy and regulatory framework. Child Survival and Health Programs Funds (CSH) will improve maternal and child health, make family health care more accessible, and improve grassroots provision of health services. These efforts will stabilize population growth, improve women's health, and reduce maternal and infant mortality and other poverty-related problems.

International Military Education and Training (IMET) funds help promote democracy in Paraguay and regional stability by increasing the professionalism of military personnel and continuing to develop military respect for civilian authority. IMET funds will train Paraguayan officials and officers at military schools, with a focus on civil-military operations and sustaining democracy.

Paraguay will be eligible to receive Excess Defense Articles (EDA) in FY 2006 on a grant basis under section 516 of the Foreign Assistance Act. Grant EDA to Paraguay will strengthen the Paraguayan military as a democratic institution by continuing to expose it to modern, professional military forces.

Paraguay is a transshipment point for an estimated 40-60 metric tons of cocaine per year. Limited International Narcotics Control and Law Enforcement (INCLE) funds from the Latin America Regional account will strengthen the GOP's capability to disrupt cocaine trafficking operations, pursue and arrest high-level narcotics traffickers, and combat money laundering. We will continue support to the Anti-Narcotics Secretariat, the Financial Intelligence Unit of the Anti-Money Laundering Secretariat, and the narcotics detection Canine Program. We will provide training to judges and prosecutors tasked with prosecuting narcotics and money laundering cases, and expand efforts to educate school-aged children on the dangers of illegal drugs. We will provide support to the Ministry of Industry and Commerce to fight violators of intellectual property rights through the provision of equipment and operational support and to the Ministry of Women in the battle against the trafficking in persons by providing training and developing a victim assistance center.

Peru
(\$ in thousands)

Account	FY 2004 Actual	FY 2005 Estimate	FY 2006 Request
ACI	116,000	115,370	97,000
CSH	17,582	13,887	11,950
DA	13,786	11,631	15,354
ESF	7,453	7,936	8,000
FMF	-	992	300
IMET	-	300	50
NADR-SALW	-	200	200
P.L. 480 Title II	23,868	12,921	13,245
Peace Corps	1,892	2,225	2,451

Peru, one of the largest and most rapidly developing countries in South America, has undergone profound changes in the last decade. Our ability to see eye to eye on such issues as counterterrorism, economic reform, democratic integration and counternarcotics has led to one of the highest points in our bilateral relationship of the last 50 years. We have developed successful working relationships with the current Toledo administration and most of the political sectors in the country to ensure that we will continue to have partners committed to advancing our mutual national security interests.

Peru is one of the world's largest producers of coca leaf and there are signs that opium poppy has established a foothold in the country. The Peruvian government (GOP) has cooperated extensively with the United States in counternarcotics activities. FY 2006 Andean Counterdrug Initiative (ACI) funds will provide training, equipment, and technical assistance to GOP entities charged with implementing counternarcotics-related programs, including law enforcement efforts to disrupt coca and poppy cultivation, wholesale purchase, industrial-scale processing, and the export of coca leaves and refined coca products. The program includes upgrading interdiction capabilities and supplying and maintaining aircraft to support law enforcement and eradication operations.

A key component of the USG's comprehensive counter-narcotics strategy is the ACI-funded Alternative Development Program (ADP). The USG in FY 2006 will use Development Assistance (DA) and Economic Support Fund (ESF) resources to complement ACI funding in the coca-growing region. ADP interventions will focus on: a) providing immediate economic and social impact by generating employment opportunities, community organization and other short-term support in areas where coca is being voluntarily eradicated; b) promoting alternative and sustainable economic and social development in and around the primary coca-prone areas via major road rehabilitation, infrastructure works, and technical assistance and training to local governments, GOP agencies, natural resource managers, private sector entrepreneurs and small farmers; c) improving the policy and institutional framework related to alternative development and counternarcotics through studies and technical assistance to key partners; and d) generating political will, encouraging key behavior change, and disseminating accurate information to beneficiaries through a crosscutting communications program.

Coordinated ACI, DA, and ESF funding will enable the GOP both to stamp out opium poppy and illegal coca cultivation and processing in key areas, and to disrupt coca and cocaine routes in source and transit zones. These programs will lower the risk of instability in areas facing the interrelated threats of coca cultivation, narco-trafficking, terrorism and minimal central government presence, which work in synergy to

undermine citizen confidence in the government. Challenges will include links between narco-traffickers and remnants of the Shining Path, MRTA and other terrorist and criminal organizations, and encroachment of narco-trafficking influence into the formal economy and the public sector.

The Toledo Administration, the Peruvian Congress and the citizenry are committed to strengthening democratic institutions and further reforming the economy. Training and technical assistance are needed to shore up key institutions, improve administration of justice and rule of law, improve the investment and business climate, reduce poverty, improve local governance, encourage greater citizen participation in decision-making and increase civilian control over the military. Economic Support Funds (ESF) and Development Assistance (DA) funds help meet these goals. ESF-funded programs will provide technical assistance and training to promote key policy reforms; support decentralization and increase the capacity of regional and local governments, and improve the performance of selected justice institutions. Each of these programs will include support for anti-corruption measures. ESF funds will support economic integration in the northern border area.

Peru remains a poor country, with a per capita annual income of \$2,247. Over 54 percent of its population lives in poverty, and 24 percent lives in extreme poverty (less than \$1/day per capita income). Underemployment is approximately 50 percent, maternal mortality is high, 25% of children are malnourished and the quality of education is among the lowest in the Andean region. The government must continue with ongoing reforms, fight corruption and take other steps to improve the economic climate, while at the same time meeting urgent needs to create jobs, fight poverty and improve standards of living.

DA-funded programs will: a) create economic opportunities for the poor by providing greater access to and participation in markets, increasing the availability of microfinance services for small producers and micro-entrepreneurs, and improving the nutritional status and productive capacity of the extremely poor; b) build capacity for increased global trade and trade agreements, c) promote the sustainable use and protection of natural resources, and d) improve local management of basic education, focusing on policies that promote decentralized management and improvement of education programs in selected communities. Child Survival and Health (CSH) funds will enhance the capacity of the Peruvian private and public sectors to meet basic health needs.

International Military Education and Training (IMET) funds support programs to improve military professionalism and capabilities by providing military and civilian defense professional training, which reinforces the critical principle of civilian rule. Foreign Military Financing (FMF) funds will improve the military's capabilities to protect Peru's borders and promote regional stability. FMF funding will upgrade medical, engineering, general field support and C-130 maintenance capabilities of the Peruvian army. The enhancements supported by FMF will increase the ability of GOP security units to operate in remote areas where illicit crop cultivation and drug production are prevalent and where domestic terror groups seek refuge. FMF will support acquisition of field operations items, communications gear, and specialized equipment. Funds will provide body armor, night vision goggles and small arms for Peru's only dedicated counterterrorism unit. Peru is eligible in FY 2006 to receive Excess Defense Articles (EDA) on a grant basis under Section 516 of the Foreign Assistance Act. Transfer of grant EDA to Peru serves a key U.S. national interest by assisting the GOP to combat illegal narcotics production and trafficking by providing needed equipment to the Peruvian security forces, which are an integral part of the counternarcotics effort.

Peru-Ecuador Peace

(\$ in thousands)

Account	FY 2004 Actual	FY 2005 Estimate	FY 2006 Request
ESF	3,976	2,976	4,000

In October 1998, Ecuador and Peru formally ended the 150-year old border dispute that had bedeviled their relationship and led them to war twice in the last 20 years. Consolidation of the Peru - Ecuador peace agreement enhances regional stability, and allows the countries to build a relationship of trust and to cooperate on mutual threats such as production and trafficking of cocaine and opium poppy, weapon and contraband smuggling, and trafficking in persons.

With this final payment on our multi-year commitment to preserve the Peru-Ecuador peace agreement, Economic Support Funds (ESF) will conclude the border integration portion of the peace settlement, including cross-border trade. These measures will increase stability and mitigate conflict through bi-national coordination and cooperation. FY 2006 ESF-funded activities will provide technical assistance for product chain and business development that raise incomes and promote employment, and for sub-national governments to better deliver services and facilitate private sector investment. FY 2006 ESF funds will expand access to social services with emphasis on potable water, sanitation and garbage collection systems, and promote sustainable management of natural resources.

The current sustained peace along the Peru-Ecuador border is an indication of the success of these investments. Moreover, the United States has assisted in demarcating and demining the formerly disputed area through the use of Nonproliferation, Anti-terrorism, Demining and Related programs (NADR) funds. U.S. assistance supports an Ecuadorian humanitarian demining has evolved into a sustained, successful effort. Several hundred army engineers have been trained and equipped and several thousand mines have been removed from areas along the border with Peru.

Suriname
(\$ in thousands)

Account	FY 2004 Actual	FY 2005 Estimate	FY 2006 Request
FMF	114	99	100
IMET	151	150	150
Peace Corps	1,206	1,255	1,245

The principal U.S. interests in Suriname are strengthening democratic institutions, stemming the flow of illegal drugs and migrants to the United States, combating transnational crime and international terrorism, and encouraging economic growth and development. The United States also encourages protection of the country's large rain forest and preservation of biodiversity.

Suriname's public institutions are woefully under-financed. An anti-military sentiment is pervasive in Suriname society, stemming from a decade of unpopular military rule in the 1980s. Suriname's military suffers from a lack of equipment, materials, parts and fuel for operating mission-essential equipment, training, food, and uniforms. These deficiencies significantly inhibit the Surinamese Army's ability to police Suriname's borders and vast, sparsely populated interior, making Suriname a favorite transshipment country for weapons traffickers and alien smugglers. FMF will help modernize ground forces with small-scale equipment, and with leadership, tactical, and logistics training.

Suriname's maritime interdiction capabilities are also in need of development. Foreign Military Financing (FMF), will improve communications, deliver training and logistics support, and provide for operations and maintenance of maritime interdiction assets.

Suriname lacks a fully developed military training infrastructure and International Military Education and Training (IMET) plays a key role in the training of its armed forces. IMET will provide training opportunities that would be otherwise unavailable, and encourage the armed forces to adopt an appropriate role in democratic society. IMET funds will be used for projects that promote civilian control of the Surinamese armed forces, increase its professionalism and technical expertise as well as expose Surinamese armed forces personnel to U.S. norms and values.

A small USG counternarcotics/crime program is funded through the International Narcotics Control and Law Enforcement (INCLE) Latin American Regional program. INCLE funds will provide training, vehicles, and equipment, such as computers to Surinamese law enforcement agencies, to bolster Suriname's capacity to combat narcotics trafficking, money laundering, and trafficking in persons.

Suriname is eligible in FY 2006 to receive Excess Defense Articles (EDA) on a grant basis under Section 516 of the Foreign Assistance Act. Transfer of grant EDA to Suriname will assist the Surinamese military in developing and sustaining regional inter-operability, a viable counter-drug capability, as well as combating terrorism, migrant trafficking and arms smuggling.

Trinidad and Tobago

(\$ in thousands)

Account	FY 2004 Actual	FY 2005 Estimate	FY 2006 Request
IMET	-	-	50

U.S. policy goals in Trinidad and Tobago are to combat terrorism, fight transnational crime and drug trafficking, and improve economic prosperity. Trinidad and Tobago's economy has a large and growing oil and natural gas sector, including related downstream petrochemical industries. A key U.S. aim is to work with the Trinidadian government to improve security safeguards around its energy infrastructure. The United States is the leading exporter to and investor in Trinidad and Tobago, which supplies more than 60 percent of U.S. imports of liquefied natural gas. The U.S. is encouraging the Government of Trinidad and Tobago (GOTT) to play a more active role in the Free Trade Area of the Americas (FTAA) and within the Caribbean Community (CARICOM) on trade matters.

The United States and Trinidad and Tobago enjoy a strong cooperative relationship in combating crime and narcotics trafficking in the Caribbean. Trinidad and Tobago's proximity to South America makes it a convenient transshipment point for narcotics headed to the United States. With U.S. assistance, the GOTT has identified and prosecuted major drug traffickers, seized narcotics-related assets, and charged individuals with money laundering.

Trinidad and Tobago suffers from a high incidence of HIV/AIDS, made all the more serious by widespread ignorance about the disease and prejudice against those afflicted. Child Survival and Health Program (CSH) Caribbean Regional funds will support health programs, especially in the area of HIV/AIDS, malaria and tuberculosis. CDC's Caribbean regional office in Trinidad, other USG partners, and the GOTT National AIDS Coordinating Committee will collaborate to strengthen programmatic and technical capacity.

International Military Education and Training (IMET) funds will send Trinidad and Tobago Defense Force (TTDF) personnel to U. S. military training to support counterterrorism, maritime, infantry and aeronautical capabilities. Trinidad and Tobago will be eligible in FY 2006 to receive Excess Defense Articles (EDA) on a grant basis under Section 516 of the Foreign Assistance Act. Grant EDA will enhance the TTDF's peacekeeping, search-and-rescue, disaster relief, and counternarcotics capabilities.

International Narcotics Control and Law Enforcement (INCLE) regional funds will provide training, equipment and vehicles for Trinidad and Tobago's counter-drug/crime units, and equipment to help Trinidad and Tobago to modernize its courts. The Internal Revenue Service is helping the GOTT Board of Inland Revenue (BIR) improve tax collection procedures. INCLE funds support the establishment of a Criminal Investigation Division within the BIR. A U.S. Customs and Border Protection Advisory Team works closely with the GOTT Customs and Excise (C&E) Division to increase anti-terrorist and drug interdiction enforcement and develop a Criminal Investigations Unit. INCLE will establish a passenger analysis unit at the airport, provide U.S.-trained dogs and handlers for the canine unit, and establish a Preventive Enforcement Network System to enhance communication among C&E units.

The United States has donated patrol boats and aircraft to improve surveillance against narcotics trafficking activities. The aircraft will continue to receive operational and training support through ongoing INCLE funding, although this responsibility will soon transfer to the GOTT.

Uruguay
(\$ in thousands)

Account	FY 2004 Actual	FY 2005 Estimate	FY 2006 Request
FMF	-	397	150
IMET	-	150	50

U.S. national interests in Uruguay include maintaining Uruguay's strong democracy, advancing peacekeeping and other military cooperation, and helping Uruguay fight narcotics trafficking, international crime and money laundering. We will also promote economic growth by pursuing further openings to U.S. trade and investments and by encouraging Uruguay's full participation in the Free Trade Area of the Americas (FTAA) negotiations..

International Military Education and Training (IMET) will promote regional stability by strengthening the Uruguayan military as a democratic institution. Participation by civilians and military officers in the Center for Hemispheric Defense Studies and IMET-funded courses will improve civil-military relations, rationalize the defense policy planning process, build civilian expertise in defense matters, and inculcate the principles of human rights in the future military leaders. Attendance of mid-to-senior grade officers and non-commissioned officers at professional development courses will facilitate the modernization and professionalism of the armed forces.

Technical and logistics training will help Uruguay maintain and manage its defense resources, improving its ability to cooperate with U.S. and international forces in peacekeeping operations, disaster relief missions, and other joint operations. Foreign Military Financing (FMF) for Uruguay will support Uruguay's efforts in international peacekeeping by providing spare parts and maintenance support, especially for aviation units and specialized naval patrol boats, and will complement Uruguay's eligibility to receive Excess Defense Articles (EDA). Uruguay will be eligible in FY 2006 to receive EDA on a grant basis under Section 516 of the Foreign Assistance Act. EDA will be used to combat illegal narcotics production and trafficking.

Limited International Narcotics Control and Law Enforcement (INCLE) funds from the Latin American Regional program will help fight illegal drugs and international crime, both of which are increasing threats in Uruguay. The funds will provide training to improve the professionalism of police units, contraband detection efforts and border controls, and to supply equipment and training for nascent money laundering detection and investigation units. The funds will support demand-reduction projects, such as public awareness campaigns.

Venezuela
(\$ in thousands)

Account	FY 2004 Actual	FY 2005 Estimate	FY 2006 Request
ACI	5,000	2,976	3,000
ESF	1,497	496	500
IMET	-	-	50

Venezuela poses significant challenges and opportunities for U.S. foreign policy. Key national interests are at stake in this imperiled democracy, which has undergone significant social and political upheaval over the past four years and continues to face serious political conflict and threats to democracy. Venezuela is a leading supplier of foreign oil to the United States and host to considerable U.S. investment. As with the other Andean countries, none of Venezuela's challenges - strengthening democracy, fostering economic development, combating narcotics trafficking, or combating terrorism-can be addressed in isolation.

The Executive currently enjoys a virtual monopoly on national and state power: the pro-government Fifth Republic Movement Party (MVR) holds a majority in the National Assembly; it has packed the Supreme Court with pro-government justices, and pro-government candidates took over all but two of the country's 24 governorships after the October 2004 regional elections. The pro-Chavez coalition in the National Assembly passed legislation in December 2004 that will significantly impact freedom of the press and freedom of expression. The Responsibility in Radio and Television Law, also known as the "media content law," has been criticized by Human Rights Watch, the Inter-American Press Association, and the Inter-American Commission on Human Rights, among others. It imposes unclear restrictions on media content and allows the state regulatory agency to censor content it considers harmful to "public order and national security."

The United States will continue to support efforts and programs to strengthen democratic institutions through ESF-funded initiatives and to promote the rule of law and respect for human rights in Venezuela. With a Venezuelan presidential election scheduled for 2006, the United States will need to offer support to help ensure they are free, fair and transparent. The irregularities and politicization cited by the Organization of American States (OAS) and Carter Center in their respective final reports of the 2004 recall referendum process contributed to opposition distrust in the referendum's outcome and significantly diminished public confidence in electoral institutions. Restoring confidence in, and restructuring, the electoral system will be an important first step to ensuring the election's overall fairness.

Andean Counterdrug Initiative (ACI) programs will concentrate on improving cooperation on counternarcotics. Venezuela is a major transshipment route for illegal drugs destined for the United States. ACI funds will help improve the Government of Venezuela's (GOV) interdiction and eradication efforts and combat international money laundering activities. Working-level counternarcotics cooperation remains good, but there is much room for improvement. Specific areas that need to be addressed include: enacting Organized Crime Law stalled in the National Assembly since 2002; extradition of Venezuelan and foreign narco-traffickers; enactment and enforcement of anti-drug treaties; implementation of anti-money laundering efforts; and, targeting drug-related corruption.

The United States will continue to closely monitor Venezuelan relations with Colombia and the border issues between Venezuela and its neighbors, and to press for Venezuelan action against narcoterrorism. The 1,400-mile border between Venezuela and Colombia is not well controlled. Colombia's Foreign Terrorist Organizations (FTOs) use Venezuela for cross-border incursions and consider it a safe area. We will continue to work closely with our partners to enhance border control and prohibit terrorists, arms and other illicit supplies from crossing between Venezuela and Colombia.

In FY 2006, International Military Education and Training (IMET) will seek to strengthen military links and provide important training to the Venezuelan military, including training on human rights. Venezuela remains eligible in FY 2006 to receive Excess Defense Articles (EDA) on a grant basis under Section 516 of the Foreign Assistance Act. Transfer of any grant EDA will be used to ultimately promote our long-standing interests in strengthening democracy.

Hemispheric Cooperation Program

(\$ in thousands)

Account	FY 2004 Actual	FY 2005 Estimate	FY 2006 Request
ESF	6,941	-	12,000

Freer trade serves U.S. interests by promoting economic growth, openness and democracy. The resultant stability and prosperity in our trading partners strengthen our own security, increase opportunities for U.S. businesses and workers, and reinforce cooperation to address common problems.

The U.S. has concluded negotiations for free trade agreements (FTAs) with nine countries of the Western Hemisphere. The North American Free Trade Area (NAFTA) with Canada and Mexico was implemented in 1994. The FTA with Chile came into force in January 2004. The FTA with Central America and the Dominican Republic (DR-CAFTA) was signed in August 2004. Negotiations for a bilateral FTA are underway with Panama, and for a regional Andean FTA with Colombia, Ecuador and Peru (with Bolivia participating as an observer to the discussions). In addition, discussions continue on ways to conclude negotiations for a Free Trade Area of the Americas (FTAA) that would cover 34 countries (all the countries of the Western Hemisphere except Cuba).

Hemispheric Cooperation Program (HCP) funds will focus on improving the ability of members and potential members of free trade agreements to implement FTA obligations and adjust their economies to free trade with the United States. Funding will support technical assistance and training for regulatory reforms related to trade (such as improvement in customs, food safety programs, intellectual property regulations, and transportation security), mechanisms to protect the environment and worker rights, and improved trade policy coordination within governments and with the civil society.

Recognizing that most Latin American and Caribbean countries need to strengthen their ability to implement and benefit from trade agreements, the United States is assisting these countries mobilize funding from diverse sources for comprehensive trade capacity building strategies on a national and regional basis. For DR-CAFTA, this effort is coordinated by CAFTA's Trade Capacity Building Group. Similar groups will likely be part of the Panama FTA and the Andean FTA. For the FTAA, this effort is coordinated by the FTAA's Hemispheric Cooperation Program and the FTAA's Consultative Group on Smaller Economies.

Operation Enduring Friendship

(\$ in thousands)

Account	FY 2004 Actual	FY 2005 Estimate	FY 2006 Request
FMF	-	-	5,000

The Caribbean, our Third Border, has become a convenient avenue for transnational criminals trafficking in aliens, narcotics, arms, and other contraband to the U.S; terrorists could exploit the region's vulnerability to threaten our homeland security. U.S. assets to counter these threats are stretched thin and Caribbean countries lack the resources and interoperability to adequately maintain control of their own waters and assist the U.S. in maintaining regional maritime presence.

Operation Enduring Friendship is an FMF-funded, multinational, regional security initiative to develop a partnership of willing nations to work together to identify, monitor, and intercept transnational maritime threats under international and domestic laws. This cooperative effort will maximize the application of available resources so that each participating nation receives timely threat information and develops the capability to contribute to effective maritime security efforts. The intent is to provide standardized command, control and communications equipment; training; spare parts; and logistical support for forces that can complement U.S. and allied interdiction forces (e.g. United Kingdom, France, Canada, Norway) along our Third Border.

Our request for FY 2006 includes assistance to the Dominican Republic and Panama, and more modest support for the Bahamas and Jamaica. The initiative's immediate objective is to allow coalition forces to maintain command of the Caribbean's critical choke points, react to shifting threats, and share information allowing them to contribute to the security of territorial and international seas and the U.S. homeland. It will also improve regional response capabilities to deal with environmental crises, such as oil spills and hurricanes. Operation Enduring Friendship will be coordinated through US Naval Forces Southern Command and USSOUTHCOM Military Assistance and Advisory Groups within participating nations.

Regional Anticorruption Initiatives

(\$ in thousands)

Account	FY 2004 Actual	FY 2005 Estimate	FY 2006 Request
ESF	-	2,976	3,000

Corruption, in many Western Hemisphere countries, undermines security and hampers economic development by robbing individuals and businesses of billions of dollars. Moreover, the perception of corruption weakens people’s trust in democratic institutions and discourages direct foreign investment. Programming with FY 2006 ESF would compliment a variety of anti-corruption related initiatives that are supported by INL and USAID, as well as provide assistance for additional unmet or on-going needs in the region.

- Support the Follow-Up Mechanism to the Inter-American Convention Against Corruption (IACAC) by funding implementation of its recommendations. The IACAC, ratified by 33 Western Hemisphere countries and administered by the Organization of American States (OAS), promotes anticorruption measures and institutions, requires criminalization of specified acts of corruption, and establishes bases for seizing assets, mutual legal assistance and technical assistance to address corruption.
- Mobilize the private sector and promote good business governance through the creation, adoption and use of “Ethics Pacts,” modeled on the U.S. Department of Commerce’s Good Governance program. By discouraging corruption, the program also helps level the playing field for U.S. companies and encourages private sector leadership in advancing reforms.
- Enhance the effectiveness of government ethics offices and anti-corruption units by developing a network of agencies spear-headed by the U.S. Office of Government Ethics. Funding would allow these institutions to share best practices and to form transnational alliances to give them more visibility and influence. Funding could leverage existing efforts by international institutions to improve the legislative oversight capabilities in the region.
- Increase asset recovery, a major Summit of the Americas objective, by providing training to officials from groups of countries and creating teams of U.S. experts that could build capacity in investigating and prosecuting asset recovery efforts for limited periods of time. Asset recovery is crucial to undermining the profitability of corruption and to returning badly needed resources to victimized countries, thereby increasing public support for the rule of law generally.
- Promote ethics and anti-corruption awareness by supporting training for journalists and children’s media programs, as well as expanding programs to teach youth how to apply ethical principles in everyday situations.

Regional Security Fund - WHA

(\$ in thousands)

Account	FY 2004 Actual	FY 2005 Estimate	FY 2006 Request
ESF	-	-	1,500

The Western Hemisphere is confronted by a myriad of transnational threats, including terrorism, transnational organized crime involving trafficking in illicit arms, drugs, and persons, and money laundering. Traditional threats, including unresolved territorial disputes, remain a serious concern. This diverse array of security challenges hinders the strengthening of democracy within states and limits the prosperity of the citizens of the hemisphere.

The success in efforts to strengthen democracy and expand prosperity in the Western hemisphere is predicated on security within and among its states. The Regional Security Fund (RSF) will promote personal, national and regional security, essential for economic growth, the deepening of democracy, and the protection of Western Hemispheric homelands from terrorists and organized crime. The RSF will enhance regional stability by mitigating existing security challenges, preventing future conflicts, and addressing emerging transnational threats in the region. The RSF will allow us to work within the existing regional and sub-regional security architecture to expand security cooperation and also respond to opportunities as they arise.

The RSF will enable the U.S. to provide technical assistance, hold workshops and sponsor seminars to address transnational threats, including terrorism and illicit trafficking in arms and drugs. It will also be used to encourage the transformation and rationalization of the defense and security forces in Latin America, in particular Central America in order to better confront the challenges of the 21st century

Under the RSF, we will provide conflict prevention and resolution training for civilian and military officials of the region to build expertise and institutional capacity. Technical and financial assistance for resolution of several of the 15 remaining maritime and land border disputes that are potential flashpoints, including the mitigation of current irritants in the Belize-Guatemala or Guyana-Suriname relationships, is a priority for the RSF.

CSBMs developed and implemented within the Inter-American system have strengthened regional military-to-military relations, reduced interstate tensions, and fostered cooperation and trust among the democratic states of the hemisphere. The RSF will fund follow-up efforts for the Summit-mandated Experts Group on Confidence and Security Building Measures, including workshops and seminars to strengthen civilian control of the military and foster greater trust among countries.

The RSF will enable us to address the lack of capacity of many nations in the region to implement legal norms related to security. Assistance and training linked to implementation of the Inter-American Convention Against the Illicit Trafficking in Firearms (CIFTA) is essential. Activities would include workshops, seminars, and training sessions on import/export controls, mutual legal assistance, information sharing, and establishment of brokering controls to combat the gray arms market. The RSF will also be used to provide assistance for stockpile management and conventional arms destruction.

The RSF will strengthen regional security cooperation as agreed to in the 2004 Declaration on Security in the Americas (DSA), which complements the region's security architecture, and provides a practical guide for promoting democratic norms, resolving interstate border tensions, lowering pressure for arms spending, and fostering a climate of trust, transparency, and cooperation in the hemisphere

Summit of the Americas Support

(\$ in thousands)

Account	FY 2004 Actual	FY 2005 Estimate	FY 2006 Request
ESF	-	1,488	3,000

The Summit of the Americas is a unique mechanism for the 34 democratic heads of state and government of the Western Hemisphere to advance solutions to common political, economic, and social problems in a multilateral and comprehensive way. Initiated with a U.S.-hosted Summit in 1994 in Miami, the Summit of the Americas now not only engages heads of state and government, but also drives priorities and cooperation among technical ministries, regional institutions, the private sector and civil society organizations. The Summit of the Americas agenda reflects and promotes the values of democracy, human rights, and open markets shared by the region's leaders, and their acknowledged responsibility to actively defend those values.

Summits of the Americas in 1998, 2001 and 2004 have focused on strengthening democratic institutions, creating prosperity, and investing in people. In November 2005 Argentina will host the next Summit of the Americas, which will focus on job creation, establish priorities within the broader hemispheric agenda, and assess implementation of specific mandates.

The United States implements Summit of the Americas mandates, assists other countries in their implementation efforts, and seeks to leverage additional support from multilateral and bilateral donors for Summit objectives. The primary focus of activities in this account for FY 2006 would be to improve democratic governance and accountability in the region. Support is needed for ongoing Summit initiatives, such as the Justice Studies Center of the Americas, which serves as a clearinghouse of information and expertise on justice sector reform, organizes and sponsors comparative analysis of problems affecting justice sector performance, and provides impetus for the consolidation of reforms within countries. The Center has initiated several important long-term activities including a virtual information center, new standards for collecting judicial statistics, a study to recommend improvements in criminal case processing, and a network of official and nongovernmental justice institutions. Additional democracy initiatives, at the specific behest of national and local governments, might include providing expert advice to new governments, with the goal of averting democratic, social, and economic emergencies; supporting indigenous participation in the democratic process; and helping inform new legislators from the region about key international policy issues.

In FY 2006, this account would also support initiatives aimed at strengthening implementation of other Summit mandates. Such initiatives might include helping strengthen natural disaster preparedness, improving teacher training, and working to ensure that economic growth benefits all sectors of the population through expanded access to credit, local private/public partnerships and improved protection of real property rights.

Third Border Initiative

(\$ in thousands)

Account	FY 2004 Actual	FY 2005 Estimate	FY 2006 Request
ESF	4,976	8,928	6,000

The nations of the Caribbean, our “third border,” are vital partners on security, trade, health, the environment, education, regional democracy, and other hemispheric issues. The United States and the Caribbean are closely linked by travel and immigration: each year millions of Americans visit the Caribbean, while tens of thousands of Caribbean visitors and immigrants arrive in the United States. Due to the region’s proximity, events in the Caribbean have a direct affect on the homeland security of the United States and have the potential to affect other U.S. domestic interests.

Caribbean nations are highly sensitive to adverse global economic conditions, environmentally fragile, and share a susceptibility to hurricanes and natural disasters, highlighted by this year’s hurricane season. Illicit trafficking in persons, drugs and firearms, potential terrorism, and other transnational criminal activities in the region threaten both the United States and regional security interests. To strengthen the capabilities of Caribbean institutions to address these problems and mitigate or prevent their spillover to the United States, the President announced in 2001 the Third Border Initiative (TBI) as a framework for our broad engagement in this vital region. Economic Support Fund (ESF) will supplement our bilateral assistance to the 14 Caribbean Community (CARICOM) countries, plus the Dominican Republic, while focusing assistance on those areas of greatest need.

TBI will address the lack of capacity many Caribbean nations face in the fields of administration of justice, security and disaster preparedness. TBI programs will also enhance the safe and secure transportation and flow of people, goods and services in the region. TBI will help Caribbean airports modernize their safety and security regulations and oversight, an important step in enhancing the security of visiting Americans and helping the region’s vital tourist industry. TBI will boost border security programs in the region, including the strengthening of immigration controls.

As part of the ESF funding for TBI, \$2 million will help these smaller economies move toward greater competitiveness by assisting targeted business sectors in the region meet the requirements for successful participation in the global marketplace. We will help reduce constraints to small business growth and development, identify and leverage market opportunities, and strengthen the legal and environmental frameworks to support open trade and sustained growth.

We will work to ensure that the natural resources used to support economic activities in the region are soundly managed and protected. The United States will use TBI funds to assist Caribbean organizations to improve their environmental management – such as strengthening protection over coral reefs and combating land-based pollution – to maintain tourist interest in the region and promote sustainable development. In addition, the United States will help Caribbean governments prepare for natural disasters, and ensure that disaster risk reduction and mitigation concepts are explicitly integrated into the region’s economic planning and implementation.

III. SUPPORTING INFORMATION

Arms Control and Nonproliferation Considerations
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 Countries and International Organizations Eligible for Purchasing Defense Articles and Services
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Arms Control and Nonproliferation Considerations

Arms transfers continue to be an indispensable U.S. policy instrument for advancing international security and stability in the post-Cold War era and for promoting the aims of the Global War on Terrorism. Judiciously used, arms transfers can deter aggression, foster internal and regional stability, strengthen and revitalize mutual security relationships, and demonstrate support for the security of friends and allies. With the new challenges posed by the rise of global terrorism and the spread of weapons of mass destruction, our military assistance programs play a critical role in bolstering the security capabilities of the United States and its allies.

The U.S. military assistance program complements the U.S. foreign policy goal of promoting international security through negotiation and support for bilateral, regional and multilateral agreements and arrangements, and assuring compliance with existing arms control agreements. It also enhances the U.S. ability to limit the proliferation of weapons of mass destruction, especially in regions of conflict, by giving countries conventional means for ensuring their security. As the President's arms transfer policy states, the United States will actively seek greater transparency and responsibility in the area of arms transfers to regions of instability.

There are other new and creative forms of security assistance in the NADR account that complement our arms control and nonproliferation goals and contribute to regional and global stability. The program to destroy small arms and reduce international stockpiles helps control the proliferation of relatively cheap, accessible weapons that exacerbate regional and civil conflicts. The worldwide Nonproliferation and Disarmament Fund and export control cooperation programs promote bilateral and multilateral efforts to control the spread of missiles, nuclear, chemical and biological weapons, and destabilizing arms transfers.

Carefully structured security assistance programs support U.S. conventional arms transfer policy goals, particularly to preserve regional balances and help allies deter and defend against aggression, and the U.S. nonproliferation objectives of curbing the spread of weapons of mass destruction and their delivery systems.

The U.S. arms transfer policy requires a careful, case-by-case evaluation of each request for arms. Each transfer is specifically reviewed for its contribution to U.S. security interests and arms control and nonproliferation objectives. Such a review considers, inter alia:

- Whether a proposed transfer is consistent with U.S. interests in maintaining or enhancing stability within the region;
- Whether the proposed transfer can be absorbed without overburdening the recipient's military support system or financial resources;
- The impact of the proposed transfer on our arms control and nonproliferation goals; and
- Whether possible adverse effects of the transfer are offset by positive contributions to U.S. regional security interests and objectives.

Whenever appropriate, these issues are referred to senior Administration officials, beginning with those in the Department of State, to ensure that decisions on arms transfers complement and support U.S. national security policies.

Estimating Foreign Military Sales

Foreign Military Sales (FMS) policies derive from U.S. statutes, Presidential directives, and policies of the Departments of State and Defense. The U.S. offers to sell defense articles and services (including training) under FMS procedures only in response to specific requests from authorized representatives from foreign governments or eligible international organizations.

The following table is in two parts. The first part shows the total dollar value by country of government-to-government FMS Letters of Offer and Acceptance (LOA's) signed in FY 2004, regardless of when the articles and services were or will be delivered.

The second part shows the estimated dollar values projected for FY 2005 and FY 2006. These estimates were derived through:

- a. An analysis of each country's historical FMS sales record (past 10 years).
- b. Development of an adjusted mean plus or minus one standard deviation -based range of likely sales for each country.
- c. In-depth, multi-tiered evaluation of each item contained on individual country lists of potential sales (developed by DSCA Regional Directorates). Each entry is evaluated for:
 - (i) Likelihood of sale, in and of itself, to be made in the year listed.
 - (ii) Likelihood that the sale will go FMS and not Direct Commercial Sales (DCS).
 - (iii) Release considerations, if any, associated with the item and likelihood for approval and a FMS sale after completion of the accompanying thorough, and often lengthy, U.S. Government review process.
 - (iv) A judgment of how essential the listed military equipment of defense service is to the country's defense needs.
 - (v) Whether the country's foreign procurement budget, as a whole, is adequate to fund the listed item in its entirety or possibly, at a lesser amount of quantity and dollars.
 - (vi) Whether the funding required to make the purchase will in fact be approved by the purchasing country's budget process.
- d. Consideration of potential economic and political/military factors over the time frame concerned.

Each phase of the FMS LOA request / offer / acceptance process has many variables that make it difficult to determine exactly when--or even if --a particular sale may occur. Variance of one day in a purchasing country's acceptance of a single significant sales agreement could shift the recording of the transaction from one fiscal year to the next.

Foreign Military Sales & Construction Sales Agreements

(\$ in thousands)

	FY 2004 ACTUAL			ESTIMATED	
	DEFENSE ART/SERV	CONSTR/DESIGN	TOTAL	FY 2005	FY 2006
<u>Africa:</u>					
Angola	0	0	0	150	0
Botswana	147	0	147	1,338	1,000
Cameroon	0	0	0	150	0
Chad	0	0	0	5	0
Djibouti	1,829	0	1,829	19,440	8,500
Eritrea	0	0	0	700	1,000
Ethiopia	2,648	0	2,648	8,400	3,500
Gabon	0	0	0	8	0
Ghana	1,230	0	1,230	1,015	0
Guinea	0	0	0	400	0
Kenya	9,577	315	9,892	23,500	5,000
Malawi	253	0	253	110	80
Mozambique	0	0	0	40	0
Nigeria	4,810	0	4,810	1,000	0
Rwanda	0	0	0	500	0
Sao Tome & Principe	500	156	656	0	0
Senegal	76	0	76	250	0
Sierra Leone	0	0	0	40	0
Swaziland	0	0	0	2	0
Togo	0	0	0	185	0
Uganda	4,088	0	4,088	4,120	1,000
Zambia	0	0	0	100	0
Regional Total	25,158	471	25,629	61,453	20,080
<u>Western Hemisphere:</u>					
Antigua-Barbuda*	1,735	0	1,735	136	149
Argentina	4,596	0	4,596	0	0
Belize	274	0	274	423	625
Bolivia	6,477	0	6,477	0	0
Bolivia – Intl. Narc.	157	243	400	0	0
Brazil	1,604	0	1,604	166,900	0
Canada	171,214	0	171,214	176,475	150,000
Chile	393	0	393	30,600	10,000
Colombia	105,074	0	105,074	60,200	65,000
Colombia – Intl. Narc.	2,402	0	2,402	300	300
Dominican Republic	598	0	598	2,000	2,000
Ecuador	7,867	0	7,867	1,200	2,370
El Salvador	4,105	0	4,105	1,900	2,950
Grenada*	274	0	274	0	0
Guyana	0	0	0	100	125
Haiti	227	0	227	300	250
Honduras	699	0	699	1,100	2,000
Jamaica	7	0	7	600	0
Mexico	5,454	0	5,454	0	0
Nicaragua	822	0	822	500	0
OAS HQ	132	0	132	0	0
Panama	205	0	205	1,200	5,500
Paraguay	21	0	21	0	0
Peru	31	0	31	0	0
St. Kitts and Nevis*	444	0	444	25	28
St. Lucia*	349	0	349	30	33
Suriname	45	0	45	150	0
Trinidad & Tobago	79	0	79	0	0

	FY 2004 ACTUAL			ESTIMATED	
	DEFENSE ART/SERV	CONSTR/DESIGN	TOTAL	DEFENSE	CONSTR/DESIGN
Uruguay	67	0	67	0	0
Venezuela	14,330	0	14,330	0	0
Regional Total	329,682	243	329,925	444,139	241,330
<u>East Asia & Pacific:</u>					
Australia	487,315	0	487,315	415,000	517,500
Fiji	1,990	0	1,990	0	1,000
Japan	600	0	600	655,000	443,000
Korea (Seoul)	680,975	0	680,975	0	5,056,000
Malaysia	350,557	0	350,557	0	0
Mongolia	19,714	0	19,714	1,500	0
New Zealand	1,281	0	1,281	0	0
Rep of Philippines	14,693	0	14,693	54,400	0
Singapore	51,626	0	51,626	205,000	0
Taiwan	141,510	0	141,510	568,000	500,000
Thailand	591,070	0	591,070	23,902	211,050
Tonga	0	0	0	0	600
UNTAET (East Timor)	30,250	0	30,250	1,900	0
Regional Total	2,371,581	0	2,371,581	1,924,702	6,729,150
<u>Europe & NIS:</u>					
Albania	4,962	0	4,962	3,000	3,750
Armenia	2,053	0	2,053	2,485	2,000
Austria	4,144	0	4,144	6,500	0
Azerbaijan	2,823	0	2,823	5,400	6,500
Belgium	27,788	0	27,788	12,000	126,000
Bosnia-Herzegovina	6,784	0	6,784	14,900	12,000
Bulgaria	7,253	0	7,253	7,000	3,000
Croatia	6	0	6	0	0
Czech Republic	9,862	0	9,862	37,000	0
Denmark	53,735	0	53,735	98,000	101,000
Estonia	6,822	0	6,822	5,000	6,000
Finland	134,219	0	134,219	5,375	96,675
France	66,897	0	66,897	30,910	33,420
Georgia	13,561	0	13,561	12,000	15,000
Germany	170,047	0	170,047	112,650	136,750
Greece	259,371	0	259,371	162,000	59,500
Hungary	13,445	0	13,445	11,822	29,204
Ireland	12	0	12	133	12
Italy	92,309	0	92,309	200,000	440,000
Kazakhstan	3,050	0	3,050	6,036	2,300
Kyrgyzstan	1,856	5,561	7,417	5,500	5,500
Latvia	4,376	0	4,376	3,300	5,100
Lithuania	2,323	0	2,323	12,500	5,000
Luxembourg	960	0	960	580	680
Macedonia (FYROM)	16,078	0	16,078	6,500	3,750
Malta	0	0	0	400	500
Moldova	1,447	0	1,447	1,485	2,250
Netherlands	453,158	0	453,158	352,000	182,000
Norway	167,359	0	167,359	129,000	81,000
Poland	189,887	0	189,887	36,000	161,000
Portugal	46,780	0	46,780	113,500	79,500
Romania	64,064	0	64,064	11,000	10,750
Slovakia	606	0	606	11,650	6,000
Slovenia	650	0	650	2,000	2,900
Spain	84,188	0	84,188	126,960	92,810
Sweden	7,391	0	7,391	4,100	1,100
Switzerland	238,217	0	238,217	7,250	5,500

	FY 2004 ACTUAL			ESTIMATED	
	DEFENSE ART/SERV	CONSTR/DESIGN	TOTAL	DEFENSE	CONSTR/DESIGN
Tajikistan	1,759	0	1,759	0	0
Turkey	172,493	0	172,493	2,453,000	355,000
Turkmenistan	0	0	0	500	0
Ukraine	12,817	0	12,817	11,500	8,000
United Kingdom	478,602	0	478,602	175,650	205,250
Uzbekistan	4,347	0	4,347	2	2
Regional Total	2,828,501	5,561	2,834,062	4,196,588	2,286,703
<u>Near East & South Asia:</u>					
Afghanistan	257,488	176,874	434,362	779,984	1,495,152
Bahrain	71,400	0	71,400	35,000	35,000
Bangladesh	5,734	0	5,734	0	5,000
Egypt	2,063,803	0	2,063,803	1,435,000	345,000
India	995	55,478	56,473	164,000	0
Israel	606,884	0	606,884	901,000	400,000
Jordan	533,800	0	533,800	175,856	183,464
Kuwait	139,180	63,501	202,681	85,000	0
Lebanon	1,997	0	1,997	0	0
Morocco	10,001	0	10,001	54,000	12,500
Nepal	5,374	0	5,374	5,000	0
Oman	110,078	0	110,078	117,200	65,200
Pakistan	176,286	0	176,286	777,000	350,000
Qatar	3,000	0	3,000	50,000	0
Saudi Arabia	1,443,443	45,133	1,488,576	530,000	314,000
Sri Lanka	7,156	0	7,156	0	0
Tajikistan	0	0	0	1,700	0
Tunisia	17,963	0	17,963	32,665	5,610
United Arab Emirates	144,340	0	144,340	223,000	0
Yemen	3,945	0	3,945	3,000	0
Regional Total	5,602,867	340,986	5,943,853	5,369,405	3,210,926
<u>Non-Regional:</u>					
Classified Totals (A)	1,973,957	0	1,973,957	1,812,000	700,000
International Org.	50,790	0	50,790	47,400	50,000
Non-Regional Total	2,024,747	0	2,024,747	1,859,400	750,000
Worldwide Total	13,182,536	347,261	13,529,797	13,855,687	13,238,189

Note: Totals May Not Add Due To Rounding.

* These Countries Comprise The Eastern Caribbean. See Eastern Caribbean Programs.

(A) For Further Information, Please See Classified Annex To This Document.

Foreign Military Sales Administrative Costs

The Foreign Military Sales (FMS) program is implemented, for the most part, by the same Department of Defense personnel who work in the military departments and defense agency procurement, logistics support and administrative organizations established to carry out DoD's requirements for procurement and support of weapons, equipment, supplies and services needed by our Army, Navy, Air Force and Marines. A small number of fully dedicated security assistance organizations and personnel are also employed by the military departments and defense agencies in accomplishing the FMS mission. This integration of FMS provides organizational efficiencies and procurement cost economies to both the U.S. and the FMS customer countries.

The Arms Export Control Act (AECA) requires that the costs of implementing FMS be paid by FMS customer countries. To satisfy this requirement, an "administrative surcharge" of two and one-half percent (2.5%) is applied to most FMS cases written on or after June 1, 1999. For cases written before that time, a three percent (3%) rate is applied. A five percent (5%) rate is applied to non-standard articles and services and supply support arrangements. In addition, a "logistics support charge" of three-point-one percent (3.1%) is applied on certain deliveries of spare parts, equipment modifications, secondary support equipment and supplies. These administrative funds collected from the FMS customer are made available to the military departments and defense agencies to pay for their FMS administrative costs related to such functions as FMS case preparation (including preparation of price and availability estimates/information), sales negotiations, case implementation, procurement, program control, ADP operations, accounting, budgeting and other financial program management. About one-half of the operating costs of overseas Security Assistance Organizations (SAOs) are also financed from FMS administrative funds. DSCA administers an annual budget process to develop estimated funding requirements and establish approved administrative funding levels.

The ceiling request to be included in Foreign Operations, Export Financing and Related Programs Appropriations Act of 2005, is \$367 million on obligations of FMS administrative funds. All FMS administrative budget obligations and expenditures are from FMS customers' funds that have been collected into the U.S. Treasury in the Foreign Military Sales Trust Fund account. There is no net outlay impact on the U.S. budget from the operations of the FMS administrative budget.

In FY 2006, \$373 million is required. DoD's FMS workload is level as indicated by actual sales between FY's 2000-2003 in the \$12-13 billion range, and anticipated sales for FY 2004-2005 also in the \$13.5 billion range.

The following table shows FMS administrative budget amounts for FY's 2004-2006.

Foreign Military Sales Administrative Costs/Workyears
(\$ in millions)

	FY 2004 Actual		FY 2005 Estimate		FY 2006 Request	
	Workyrs	Dollars	Workyrs	Dollars	Workyrs	Dollars
Military Departments	2,510	222.919	2,497	232.591	2,689	231.029
Other Defense Activities	604	108.605	637	101.983	581	106.770
Overseas (Net)	343	29.476	349	32.426	345	35.201
Total	3,457	361.000	3,483	367.000	3,615	373.000

OVERSEAS MILITARY PROGRAM MANAGEMENT

United States military personnel are assigned to Security Assistance Organizations (SAOs) overseas to ensure effective planning and management of host country security assistance programs. These individuals, along with U.S. civilians and local national civilians serve under the direction and supervision of the Chiefs of U.S. Diplomatic Missions. The SAO provides liaison among the Mission, the Department of Defense, and the host country defense establishment in security assistance matters.

SAO personnel work closely with members of the host country defense establishment to develop and execute training programs and to accomplish realistic and effective procurement actions. These efforts are key to the development of a defense infrastructure capable of integrating weapons and support systems into the existing force structure. Professional exchanges and cooperative planning contribute to effective and efficient country security assistance programs.

The Department of Defense reviews staffing authorizations in coordination with the Department of State, the Chiefs of U.S. Diplomatic Missions, and the Combatant Commands to ensure that SAOs are properly staffed to conduct their missions efficiently

In FY 2005, separate SAOs will be assigned to eighty-nine countries. In twenty-seven additional countries, programs will be administered by augmentation personnel assigned to carry out security assistance management functions under the supervision of the Defense Attaché or other Mission staff. In other countries with which the U.S. maintains a security assistance relationship, Defense Attaches and other Mission personnel manage the programs without augmentation personnel.

The following tables identify the security assistance authorized staffing levels and associated costs at the conclusion of FY 2004 and the estimated levels for FY 2005 and FY 2006. Actual assigned strengths for FY 2004 and FY 2005 may be less than the authorized levels shown. Staffing requirements may change as individual country programs develop.

The following is a glossary of Organizations assigned to U.S. Diplomatic Missions overseas that manage host country security assistance programs:

U.S. SECURITY ASSISTANCE ORGANIZATIONS

DAO	Defense Attaché Office
JUSMAG	Joint U.S. Military Assistance Group
JUSMAG-K	Joint U.S. Military Affairs Group - Korea
KUSLO	Kenya U.S. Liaison Office
MAP	Military Assistance Program
MDAO	Mutual Defense Assistance Office
NLO	Navy Liaison Office
ODC	Office of Defense Cooperation
ODR	Office of Defense Representative
ODRP	Office of Defense Representative - Pakistan
OMC	Office of Military Cooperation
OMC-K	Office of Military Cooperation - Kuwait
SAO	Security Assistance Office
USLO	U.S. Liaison Office
USMAAG	U.S. Military Assistance Advisory Group
USMILGP	U.S. Military Group
USMLO	U.S. Military Liaison Office
USMTM	U.S. Military Training Mission

Overseas Military Program Management – Costs
(\$ in thousands)

	ORG.	FY 2004 Actual			FY 2005 Estimate			FY 2006 Request		
		FMF	FMS	TOTAL	FMF	FMS	TOTAL	FMF	FMS	TOTAL
<u>Africa:</u>										
Angola	DAO	12	0	12	11	0	11	12	0	12
Benin	EMBASSY	67	0	67	68	0	68	71	0	71
Botswana	ODC	286	32	318	292	32	325	293	33	326
Cameroon	DAO	12	0	12	10	0	10	11	0	11
Cape Verde	EMBASSY	11	0	11	13	0	13	14	0	14
Chad	DAO	82	0	82	50	0	50	52	0	52
Cote d'Ivoire	DAO	20	0	20	17	0	17	18	0	18
Congo (Kinshasa)	DAO	0	0	0	23	0	23	23	0	23
Djibouti	USLO	547	182	730	492	211	703	502	215	718
Eritrea	USLO	260	5	265	217	4	221	221	5	225
Ethiopia	SAO	129	32	161	110	27	137	110	27	137
Gabon	EMBASSY	27	0	27	25	0	25	26	0	26
Ghana	ODC	346	0	346	346	0	346	361	0	361
Guinea	DAO	10	0	10	12	0	12	13	0	13
Guinea-Bissau	EMBASSY	3	0	3	2	0	2	2	0	2
Kenya	KUSLO	815	349	1164	790	339	1128	804	345	1148
Lesotho	EMBASSY	15	0	15	14	0	14	15	0	15
Madagascar	DAO	36	0	36	51	0	51	50	0	50
Malawi	EMBASSY	39	10	49	40	10	50	42	10	52
Mali	DAO	28	0	28	26	0	26	27	0	27
Mauritania	EMBASSY	20	0	20	19	0	19	20	0	20
Mozambique	DAO	20	0	20	17	0	17	18	0	18
Namibia	DAO	65	16	81	63	16	79	64	16	80
Niger	DAO	34	0	34	32	0	32	32	0	32
Nigeria	ODC	287	123	410	294	126	420	343	147	490
Rwanda	DAO	43	0	43	42	0	42	44	0	44
Sao Tome & Principe	EMBASSY	10	0	10	9	0	9	10	0	10
Senegal	ODC	311	78	389	313	78	391	318	79	397
Seychelles	EMBASSY	53	0	53	37	0	37	36	0	36
South Africa	ODC	266	89	355	320	107	427	316	105	421
Tanzania	DAO	11	0	11	10	0	10	11	0	11
Togo	EMBASSY	10	0	10	9	0	9	10	0	10
Uganda	DAO	20	0	20	17	0	17	18	0	18
Zambia	DAO	15	0	15	13	0	13	14	0	14
Zimbabwe	DAO	13	0	13	11	0	11	12	0	12
<u>Regional Total</u>		3922	917	4839	3817	950	4767	3930	982	4912
<u>Western Hemisphere:</u>										
Argentina	USMILGP	275	69	344	323	81	403	332	83	415
Bahamas	USNLO	24	0	24	22	0	22	21	0	21
Belize	USMLO	206	52	258	235	59	294	235	59	294
Bolivia	USMILGP	641	160	801	695	174	869	688	172	860
Brazil	USMLO	229	98	327	237	102	339	241	103	345
Canada	DAO	0	97	97	0	83	83	0	83	83
Chile	USMILGP	179	179	357	187	187	374	191	191	381
Colombia	USMILGP	418	418	836	393	462	855	397	466	863
Costa Rica	ODR	277	92	369	289	96	385	339	113	452
Dominican Republic	USMAAG	341	114	455	306	102	408	299	100	398
Eastern Caribbean	USMLO	296	99	395	306	102	409	307	102	409
Ecuador	USMILGP	380	163	542	375	161	535	359	154	512

	ORG.	FY 2004 Actual			FY 2005 Estimate			FY 2006 Request		
		FMF	FMS	TOTAL	FMF	FMS	TOTAL	FMF	FMS	TOTAL
Western Hemisphere										
Con't:										
El Salvador	USMILGP	514	171	686	536	179	715	537	179	716
Guatemala	USMILGP	246	0	246	274	0	274	279	0	279
Guyana	USMLO	14	6	21	16	7	24	16	7	23
Haiti	USMLO	738	0	738	683	0	683	593	0	593
Honduras	USMILGP	497	213	710	527	226	753	491	211	702
Jamaica	USMLO	379	67	446	386	68	455	388	69	457
Mexico	USMLO	463	199	662	485	208	692	482	207	689
Nicaragua	USMLO	21	0	21	127	63	190	130	64	195
Panama	ODC	144	25	170	156	27	183	185	33	218
Paraguay	ODC	226	12	238	216	11	227	227	12	239
Peru	USMAAG	505	89	594	527	93	620	558	98	656
Suriname	DAO	19	0	19	21	0	21	19	0	19
Trinidad & Tobago	USMLO	35	9	44	39	10	48	33	8	41
Uruguay	ODC	190	81	271	197	84	281	206	88	294
Venezuela	USMILGP	312	134	446	316	136	452	303	130	432
Regional Total		7570	2546	10117	7875	2720	10595	7855	2730	10586
East Asia & Pacific:										
Australia	ODC	75	299	373	60	240	299	59	236	295
Cambodia	DAO	104	35	139	110	37	147	108	36	144
East Timor	EMBASSY	25	11	36	62	27	89	64	27	91
Fiji	DAO	103	11	114	141	16	157	45	5	50
Indonesia	OMADP	360	90	450	335	84	419	333	83	416
Japan	MDAO	199	1125	1324	243	1380	1623	255	1341	1596
Malaysia	ODC	285	285	569	315	315	629	312	312	624
Mauritius	EMBASSY	24	0	24	26	0	26	25	0	25
Mongolia	DAO	167	0	167	143	0	143	141	0	141
New Zealand	DAO	0	96	96	0	114	114	0	114	114
Philippines	JUSMAG	362	443	805	299	365	664	298	365	663
Singapore	ODC	111	627	738	135	763	898	133	752	885
South Korea	JUSMAG	282	1598	1880	290	1641	1930	303	1590	1893
Thailand	JUSMAG	542	662	1204	584	714	1298	571	698	1270
Vietnam	DAO	63	0	63	60	0	60	60	0	60
Regional Total		2701	5282	7983	2803	5694	8497	2707	5560	8267
Europe & Eurasia:										
Albania	ODC	207	69	276	202	67	270	203	68	271
Armenia	ODC	65	0	65	74	40	114	76	41	118
Austria	ODC	19	355	374	16	308	324	16	309	325
Azerbaijan	ODC	142	0	142	182	78	259	189	81	270
Belgium	ODC	26	487	513	25	479	504	25	481	506
Bosnia	ODC	197	85	282	192	82	275	194	83	277
Bulgaria	ODC	175	175	349	168	168	336	171	171	342
Croatia	ODC	228	98	325	238	102	340	194	83	277
Czech Republic	ODC	183	274	457	178	268	446	172	258	429
Denmark	ODC	74	418	492	74	417	491	75	425	500
Estonia	ODC	208	112	320	202	109	310	210	113	324
Finland	DAO	1	12	13	1	10	11	1	11	12
France	ODC	52	468	520	57	515	572	57	510	567
Georgia	ODC	183	61	244	194	65	258	196	65	261
Germany	ODC	77	696	773	72	646	718	72	644	715
Greece	ODC	666	1086	1752	665	1236	1901	516	1548	2064
Hungary	ODC	237	237	474	237	237	474	244	244	488
Italy	ODC	133	756	889	139	787	926	138	782	920

	ORG.	FY 2004 Actual			FY 2005 Estimate			FY 2006 Request		
		FMF	FMS	TOTAL	FMF	FMS	TOTAL	FMF	FMS	TOTAL
Europe & Eurasia Con't:										
Kazakhstan	SAO	358	154	512	377	162	539	378	162	540
Kyrgyzstan	SAO	139	60	199	180	77	257	171	73	244
Latvia	ODC	158	85	243	195	105	300	199	107	306
Lithuania	ODC	190	82	272	192	82	274	193	83	275
Luxembourg	EMBASSY	6	15	21	5	13	18	6	13	19
Macedonia (FYROM)	ODC	230	99	328	249	107	356	251	108	359
Malta	EMBASSY	45	0	45	30	0	30	30	0	30
Moldova	ODC	218	33	251	229	34	264	237	35	272
Netherlands	ODC	73	413	486	78	444	522	82	463	545
Norway	ODC	79	236	315	80	240	320	87	262	349
Poland	ODC	280	520	800	288	534	822	289	537	826
Portugal	ODC	419	419	838	414	414	828	425	425	850
Romania	ODC	187	124	311	157	157	313	165	165	330
Russia	DAO	234	12	246	230	12	242	231	12	243
Slovakia	ODC	133	89	222	148	99	247	148	99	246
Slovenia	ODC	127	84	211	129	86	214	147	98	245
Spain	ODC	188	349	537	170	316	486	173	321	494
Sweden	ODC	0	13	13	0	13	13	0	14	14
Switzerland	DAO	0	41	41	0	41	41	0	43	43
Tajikistan	DAO	165	0	165	123	123	247	122	122	243
Turkey	ODC	3459	1482	4941	3163	1770	4988	3287	1783	5070
Turkmenistan	DAO	75	0	75	79	0	79	82	0	82
Ukraine	ODC	198	85	284	266	114	380	240	103	342
United Kingdom	ODC	32	181	213	30	170	200	32	180	212
Uzbekistan	SAO	189	63	252	216	72	288	215	72	286
Regional Total		10054	10027	20081	9945	10798	20798	9947	11195	21133
Near East & South Asia:										
Afghanistan	OMC	613	0	613	270	415	685	284	426	710
Algeria	DAO	29	0	29	102	54	155	105	57	162
Bahrain	OMC	290	435	726	293	440	733	351	526	877
Bangladesh	ODC	185	62	247	191	64	255	190	63	254
Egypt	OMC	2074	2713	4787	2021	3052	5138	2173	3085	5258
India	ODC	229	229	458	168	205	372	165	201	366
Israel	DAO	9	78	87	9	77	86	9	79	88
Jordan	MAP	776	518	1294	885	590	1475	795	530	1325
Kuwait	OMC	179	347	526	175	339	513	180	349	529
Lebanon	DAO	500	214	714	497	213	710	482	207	689
Morocco	ODC	633	211	844	615	205	821	624	208	833
Nepal	SAO	117	143	260	134	163	297	136	166	302
Oman	OMC	388	388	776	412	412	825	389	389	777
Pakistan	ODRP	273	223	496	333	272	605	335	274	610
Qatar	USLO	397	265	662	409	273	682	413	275	688
Saudi Arabia	USMTM	0	1173	1173	0	1159	1159	0	864	864
Sri Lanka	DAO	68	17	85	69	17	87	69	17	86
Tunisia	ODC	546	182	729	538	179	717	548	183	731
United Arab Emirates	USLO	199	797	996	211	844	1055	209	838	1047
Yemen	OMC	289	0	289	178	96	274	182	98	281
Regional Total		7795	7995	15790	7510	9070	16644	7640	8835	16475
WORLDWIDE TOTAL		32043	26766	58809	31950	29232	61302	32070	29303	61373

NOTE: Totals may not add due to rounding.

Overseas Military Program Management - Personnel Strengths

	ORG.	FY 2004				FY 2005 ESTIMATE				FY 2006 REQUEST			
		MIL	CIV	LOCAL	TOTAL	MIL	CIV	LOCAL	TOTAL	MIL	CIV	LOCAL	TOTAL
Africa:													
Botswana	ODC	2	0	1	3	2	0	1	3	2	0	1	3
Chad	DAO a/	0	0	1	1	0	0	1	1	0	0	1	1
Djibouti	USLO	1	0	1	2	1	0	1	2	1	0	1	2
Eritrea	USLO	1	0	0	1	1	0	0	1	1	0	0	1
Ethiopia	SAO	1	0	0	1	2	0	0	2	2	0	0	2
Ghana	ODC	1	0	2	3	1	0	2	3	1	0	2	3
Kenya	KUSLO	4	2	1	7	4	2	1	7	4	2	1	7
Liberia	ODC	3	1	0	4	3	1	0	4	3	1	0	4
Namibia	EMBASSY b/	0	1	0	1	0	1	0	1	0	1	0	1
Niger	DAO a/	0	0	1	1	0	0	1	1	0	0	1	1
Nigeria	ODC	3	0	0	3	3	0	0	3	3	0	0	3
Rwanda	DAO a/	0	0	1	1	0	0	1	1	0	0	1	1
Senegal	ODC	1	0	2	3	1	0	3	4	1	0	3	4
South Africa	ODC	2	0	0	2	2	0	0	2	2	0	0	2
Regional total		19	4	10	33	20	4	11	35	20	4	11	35
Western Hemisphere:													
Argentina	USMILGP	3	0	3	6	3	0	3	6	3	0	3	6
Barbados	USMLO c/	3	0	0	3	3	0	0	3	3	0	0	3
Belize	USMLO	2	0	0	2	2	0	0	2	2	0	0	2
Bolivia	USMILGP	4	1	2	7	4	1	2	7	4	1	2	7
Brazil	USMLO	4	0	0	4	4	0	0	4	4	0	0	4
Canada	DAO a/	1	0	1	2	1	0	1	2	1	0	1	2
Chile	USMILGP	2	0	2	4	2	0	2	4	2	0	2	4
Colombia	USMILGP	6	1	3	10	6	1	3	10	6	1	3	10
Costa Rica	ODR	1	0	2	3	1	0	2	3	1	0	2	3
Dominican Republic	USMAAG	2	0	0	2	2	0	0	2	2	0	0	2
Ecuador	USMILGP	5	1	2	8	5	1	2	8	5	1	2	8
El Salvador	USMILGP	3	0	2	5	3	0	2	5	3	0	2	5
Guatemala	USMILGP	1	0	1	2	1	0	1	2	1	0	1	2
Guyana	USMLO	0	0	0	0	0	0	0	0	0	0	0	0
Haiti	USMLO	2	0	0	2	2	0	0	2	2	0	0	2
Honduras	USMILGP	4	1	2	7	4	1	2	7	4	1	2	7
Jamaica	USMLO	2	0	0	2	2	0	0	2	2	0	0	2
Mexico	ODC	3	1	4	8	3	1	4	8	3	1	4	8
Panama	DAO a/	2	0	1	3	2	0	1	3	2	0	1	3
Nicaragua	DAO a/	2	0	1	3	2	0	1	3	2	0	1	3
Paraguay	ODC	2	0	1	3	2	0	1	3	2	0	1	3
Peru	USMAAG	1	1	3	5	1	1	3	5	1	1	3	5
Suriname	DAO a/	1	0	0	1	1	0	0	1	1	0	0	1
Trinidad and Tobago	USMLO	0	0	0	0	1	0	0	1	1	0	0	1
Uruguay	USODC	2	0	2	4	2	0	2	4	2	0	2	4
Venezuela	USMILGP	2	1	3	6	2	1	3	6	2	1	3	6
Regional Total		60	7	35	102	61	7	35	103	61	7	35	103
East Asia & Pacific:													
Australia	ODC a/	4	1	1	6	4	0	1	5	4	0	1	5
Cambodia	DAO a/	1	0	2	3	1	0	2	3	1	0	2	3
East Timor	DAO a/	0	0	0	0	1	0	0	1	1	0	0	1
Fiji	DAO a/	1	0	1	2	1	0	1	2	0	0	1	1
Indonesia	DAO a/	1	0	4	5	1	0	4	5	1	0	4	5
Japan	MDAO	5	3	6	14	5	3	6	14	5	3	6	14
Malaysia	SAO	3	0	5	8	2	0	5	7	2	0	5	7
Mongolia	DAO b/	1	0	1	2	0	0	1	1	0	0	1	1
New Zealand	DAO a/	0	0	1	1	0	0	1	1	0	0	1	1
Philippines	JUSMAG	5	1	4	10	11	2	4	17	11	2	4	17
Singapore	ODC	7	0	3	10	6	0	3	9	6	0	3	9
Sri Lanka	DAO a/	0	0	1	1	0	0	1	1	0	0	1	1
South Korea	JUSMAG-K	16	0	10	26	12	0	10	22	12	0	10	22
Thailand	JUSMAG	13	0	12	25	10	0	12	22	10	0	12	22
Vietnam	DAO a/	0	0	1	1	0	0	1	1	1	0	1	2
Regional Total		57	5	52	114	54	5	52	111	54	5	52	111

	ORG.	FY 2004				FY 2005 ESTIMATE				FY 2006 REQUEST			
		MIL	CIV	LOCAL	TOTAL	MIL	CIV	LOCAL	TOTAL	MIL	CIV	LOCAL	TOTAL
Europe:													
Albania	ODC	1	0	2	3	1	0	2	3	1	0	2	3
Algeria	ODC	2	0	0	2	2	0	0	2	2	0	0	2
Armenia	ODC	1	0	0	1	1	0	0	1	1	0	0	1
Austria	ODC	2	0	0	2	2	0	0	2	2	0	0	2
Azerbaijan	ODC	1	0	0	1	1	0	0	1	1	0	0	1
Belgium	ODC	1	0	2	3	1	0	2	3	1	0	2	3
Bosnia	ODC	1	0	1	2	1	0	1	2	1	0	1	2
Bulgaria	ODC	2	0	1	3	2	0	1	3	2	0	1	3
Croatia	ODC	1	1	1	3	1	1	1	3	1	1	1	3
Czech Republic	ODC	1	0	2	3	1	0	2	3	1	0	2	3
Denmark	ODC	1	1	2	4	1	1	2	4	1	1	2	4
Estonia	ODC	1	0	0	1	1	0	0	1	1	0	0	1
France	ODC	1	1	2	4	1	1	2	4	1	1	2	4
Georgia	ODC	2	0	1	3	2	0	1	3	2	0	1	3
Germany	ODC	5	2	3	10	5	2	3	10	5	2	3	10
Greece	ODC	6	3	8	17	6	3	8	17	6	3	8	17
Hungary	ODC	1	1	1	3	1	1	2	4	1	1	2	4
Italy	ODC	3	1	4	8	3	1	4	8	3	1	4	8
Kazakhstan	SAO	2	0	1	3	2	0	1	3	2	0	1	3
Kyrgyzstan	SAO	2	0	1	3	2	0	1	3	2	0	1	3
Latvia	ODC	1	0	2	3	1	0	2	3	1	0	2	3
Lithuania	ODC	2	0	1	3	2	0	1	3	2	0	1	3
Macedonia (FYROM)	ODC	1	0	2	3	1	0	2	3	1	0	2	3
Moldova	ODC	1	0	1	2	1	0	1	2	1	0	1	2
Netherlands	ODC	2	1	2	5	2	1	2	5	2	1	2	5
Norway	ODC	2	0	1	3	2	0	1	3	2	0	1	3
Poland	ODC	4	0	3	7	4	0	3	7	4	0	3	7
Portugal	ODC	5	1	3	9	5	1	3	9	5	1	3	9
Romania	ODC	2	0	1	3	2	0	1	3	2	0	1	3
Russia	DAO a/	2	0	0	2	2	0	0	2	2	0	0	2
Serbia	ODC	1	0	0	1	1	0	0	1	1	0	0	1
Slovakia	ODC	3	0	0	3	3	0	0	3	3	0	0	3
Slovenia	ODC	1	0	1	2	1	0	1	2	1	0	1	2
Spain	ODC	4	2	1	7	4	2	1	7	4	2	1	7
Sweden	DAO a/	0	0	1	1	0	0	1	1	0	0	1	1
Tajikistan	DAO a/	0	0	0	0	1	0	0	1	1	0	0	1
Turkey	ODC	17	3	6	26	17	3	6	26	17	3	6	26
Turkmenistan	DAO a/	1	0	0	1	1	0	0	1	1	0	0	1
Ukraine	ODC	1	0	1	2	1	0	1	2	1	0	1	2
United Kingdom	ODC	2	1	0	3	2	1	0	3	2	1	0	3
Uzbekistan	SAO	2	0	1	3	3	0	1	4	3	0	1	4
Regional Total		91	18	59	168	93	18	60	171	93	18	60	171
Near East/South Asia:													
Afghanistan	OMC	6	0	2	8	6	0	2	8	6	0	2	8
Bahrain	OMC	6	1	0	7	6	1	0	7	6	1	0	7
Bangladesh	DAO a/	1	0	1	2	1	0	1	2	1	0	1	2
Egypt	OMC	28	8	12	48	28	8	12	48	28	8	12	48
India	DAO a/	2	1	2	5	4	1	2	7	4	1	2	7
Iraq	OMC	0	0	0	0	0	0	0	0	11	0	3	14
Israel	DAO a/	1	0	0	1	1	0	0	1	1	0	0	1
Jordan	MAP	8	1	4	13	9	1	4	14	9	1	4	14
Kuwait	OMC	10	1	1	12	10	1	1	12	10	1	1	12
Lebanon	DAO a/	1	0	3	4	1	0	3	4	1	0	3	4
Madagascar	DAO a/	0	0	1	1	0	0	1	1	0	0	1	1
Morocco	ODC	3	1	4	8	2	1	3	6	2	1	3	6
Nepal	SAO	1	0	1	2	1	0	1	2	1	0	1	2
Oman	OMC	5	1	1	7	6	1	1	8	6	1	1	8
Pakistan	ODRP	2	1	3	6	4	1	3	8	4	1	3	8
Qatar	USLO	3	0	0	3	3	0	0	3	3	0	0	3
Saudi Arabia	USMTM	63	0	8	71	63	0	8	71	63	0	8	71
Sri Lanka	DAO a/	0	0	1	1	0	0	1	1	0	0	1	1
Tunisia	ODC	6	1	1	8	4	1	0	5	4	1	0	5
United Arab Emirates	USLO	6	1	1	8	6	1	1	8	6	1	1	8
Yemen	OMC	0	0	1	1	0	0	1	1	2	0	1	3
Regional Total		152	17	47	216	154	17	45	216	168	17	48	233

	ORG.	FY2004				FY 2005 ESTIMATE				FY 2006 REQUEST			
		MIL	CIV	LOCAL	TOTAL	MIL	CIV	LOCAL	TOTAL	MIL	CIV	LOCAL	TOTAL
WORLDWIDE TOTAL		379	51	203	633	382	51	203	636	396	51	206	653

a/ Personnel authorized to assist the DAO with security assistance management functions.

b/ Personnel authorized to assist the Embassy with security assistance management functions.

c/ Manages programs for Eastern Caribbean countries.

Excess Defense Articles

The Excess Defense Articles (EDA) program enables the United States to meet foreign policy objectives while simultaneously supporting our friends and allies in improving their defense capabilities. EDA may be sold to any country eligible to purchase defense articles or provided on a grant basis to countries justified in the country papers to receive grant EDA. Providing EDA on a grant basis turns U.S. defense items that are in excess of our Approved Force Acquisition Objective and Approved Force Retention Stock into instruments that meet a number of our national security interests. Some of the objectives met by EDA are: strengthening coalitions, cementing bilateral foreign military relationships, enhancing interoperability, furthering legitimate modernization efforts of our allies, aiding in multilateral peacekeeping efforts, combating illegal narcotics production and narco-trafficking, and aiding in demining assistance programs.

Providing EDA on a grant basis has contributed to our foreign policy successes. This excess equipment has helped our Latin American and Caribbean friends combat the threat of illegal narco-trafficking and has permitted many South American and African nations to participate in support of U.S. and UN peacekeeping operations. Grant EDA contributes to regional stability by supporting the ongoing military reform efforts of democratic governments in central and eastern Europe and the Baltics. Additionally, grant EDA has a positive global impact – furthering U.S. national security interests and supporting the growth and strengthening of democracies, promoting military reform and fighting the spread of illicit narcotics.

EDA articles are transferred in an “as is, where is” condition to the recipient and are only offered in response to a demonstrated requirement. The grant EDA program operates at essentially no cost to the United States, with the recipient responsible for any required refurbishment and repair of the items as well as any associated transportation costs. The vast majority of EDA items are of low to medium technologies that do not present proliferation concerns.

Each grant eligible country has a justification statement providing the objective and proposed use of potential EDA within each country paper. Eligibility simply permits a nation to be considered for grant EDA and does not guarantee the transfer of any EDA, nor does it circumvent or bypass in any way the comprehensive case-by-case review each potential EDA offer receives. Furthermore, all potential EDA transfers are subject to the same Conventional Arms Transfer Policy interagency review as any other government-to-government transfer.

Grants of Excess Defense Articles
Under the Provisions of the Foreign Assistance Act
(\$ in thousands)

	OFFERED IN FY 2004		DELIVERED IN FY 2004	
	ACQ. VALUE	CURRENT VALUE	ACQ. VALUE	CURRENT VALUE
<u>AFRICA:</u>				
DJIBOUTI	600	240	0	0
REGIONAL TOTAL	600	240	0	0
<u>EAST ASIA & PACIFIC:</u>				
PHILIPPINES	27,605	4,990	0	0
REGIONAL TOTAL	27,605	4,990	0	0
<u>EUROPE & EURASIA:</u>				
GEORGIA	7,470	2,091	346	104
GREECE	10,665	2,133	0	0
KAZAKHSTAN	1,845	185	0	0
LATVIA	4,897	979	0	0
PORTUGAL	12,473	2,515	0	0
REGIONAL TOTAL	37,350	7,903	346	104
<u>NEAR EAST & SOUTH ASIA:</u>				
AFGHANISTAN	20,273	4,055	0	0
EGYPT	131,399	24,956	458	183
ISRAEL	173,890	27,589	13,056	2,705
JORDAN	3,837	767	0	0
MOROCCO	31,237	5,494	0	0
NEPAL	1,845	185	0	0
PAKISTAN	87,240	8,976	0	0
THAILAND	9,227	927	0	0
TUNISIA	13,841	1,391	0	0
YEMEN	35	7	35	7
REGIONAL TOTAL	472,824	74,347	13,549	2,895
<u>WESTERN HEMISPHERE:</u>				
ARGENTINA	120	60	0	0
BELIZE	522	261	0	0
BOLIVIA	1,216	243	0	0
DOMINICAN REPUBLIC	1,200	500	1,200	500
PANAMA	1,433	143	683	68
REGIONAL TOTAL	4,491	1,207	1,883	568
WORLDWIDE TOTAL	542,870	88,687	15,778	3,567

NOTE: Totals may not add due to rounding.

**Sales of Excess Defense Articles
Under Foreign Military Sales Provisions**
(\$ in thousands)

	OFFERED IN FY 2004		DELIVERED IN FY 2004	
	ACQ. VALUE	CURRENT VALUE	ACQ. VALUE	CURRENT VALUE
<u>EAST ASIA & PACIFIC:</u>				
JAPAN	200	100	0	0
REGIONAL TOTAL	200	100	0	0
<u>EUROPE & EURASIA:</u>				
<u>NATO (NAMSA)</u>	5,200	260	0	0
<u>SPAIN</u>	4,104	552	0	0
<u>TURKEY</u>	3,902	1,951	0	0
REGIONAL TOTAL	13,206	2,763	0	0
<u>NEAR EAST:</u>				
KUWAIT	444	22	0	0
REGIONAL TOTAL	444	22	0	0
WORLDWIDE TOTAL	13,851	2,886	0	0

NOTE: Totals may not add due to rounding

Leased Defense Articles

The lease of defense articles can be authorized under the Arms Export Control Act (AECA), Chapter 6, if there are compelling U.S. foreign policy and national security reasons for providing defense articles on a lease rather than a sales basis. Defense articles cannot be leased if they are needed for public use during the period of the lease.

Except for leases entered into for the purposes of cooperative research or development, military exercises or communications or electronics interface projects, the country leasing the defense article(s) must agree to pay, in U.S. dollars, all costs incurred by the United States Government in leasing the article(s). These costs include reimbursement for depreciation of the article(s) while leased. In addition, the country must also pay the cost of restoration or replacement if the article(s) are damaged while leased. If the article(s) is lost or destroyed while leased, the U.S. requires funds to cover the replacement cost (less depreciation, if any) or an amount equal to the actual value (less depreciation) when the article(s) will not be replaced in the U.S. inventory.

The President may waive reimbursement of depreciation for any defense article which has passed three-quarters of its normal service life if the President determines that to do so is important to the national security interests of the United States. In some cases, the President may waive the reimbursement of all lease charges with respect to a lease that is made in exchange with the lessee for a lease on substantially reciprocal terms of defense articles for the Department of Defense. Waivers for depreciation or reciprocity are made before the implementation of the lease agreement.

Leases are conducted for a fixed duration of time not to exceed five years and provide that, at any time during the lease, the U.S. may terminate the lease and require the immediate return of the defense article(s).

Leases Under the Arms Export Control Act Implemented FY 2004
(\$ in thousands)

	REPLACEMENT VALUE	TOTAL RENTAL VALUE
<u>East Asia & Pacific:</u>		
Australia	2,753	93
Malaysia	19	0
Philippines	34	0
Singapore	55	0
Regional Total	2,861	93
<u>Europe and Eurasia:</u>		
Germany	192	10
Tajikistan	73	0
Turkey	149	15
United Kingdom	191	0
Regional Total	605	25
<u>Western Hemisphere:</u>		
Canada	547	5
Regional Total	547	5
<u>Near East & South Asia:</u>		
Jordan	49	0
Regional Total	49	0
WORLDWIDE TOTAL	4,062	123

Stockpiling of Defense Articles for Foreign Countries

Section 514(b) of the Foreign Assistance Act of 1961 (FAA), as amended, establishes annual ceilings on the value of additions of defense articles located abroad that may be set aside, reserved, or otherwise earmarked from U.S. military inventories for use as War Reserves Stocks by Allies (WRSA) or other foreign countries (other than NATO). Most defense articles added to stockpiles under this ceiling will come from existing stocks.

In FY 2006, it is anticipated that no defense articles will be added to existing stockpiles as items are in sufficient supply to provide the necessary support.

Value of Annual Ceiling for Stockpiling
(\$ in thousands)

Fiscal Year	Amount Stockpiled
1976	96,750
1977	125,000
1978	270,000
1979	90,000
1980	95,000
1981	85,000
1982	130,000
1983	125,000
1984	125,000
1985	248,000
1986	360,000
1987	125,000
1988	116,000
1989	77,000
1990	165,000
1991	378,000
1992	378,000
1993	389,000
1994	292,000
1995	250,000
1996	50,000
1997	50,000
1998	60,000
1999	340,000
2000	60,000
2001	50,000
2002	0
2003	100,000
2004	0
2005	0
2006	0

Countries and International Organizations Eligible for Purchasing Defense Articles and Services from the United States Government

Africa

Angola	July 28, 1995
Benin	January 02, 1973
Botswana	February 06, 1979
Burkina Faso	January 02, 1973
Burundi	August 24, 1991
Cameroon	January 02, 1973
Cape Verde	June 10, 1985
Central African Republic	February 02, 1987
Chad	September 01, 1977
Comoros	May 26, 1992
Cote D'Ivoire	January 02, 1973
Democratic Republic of Congo	August 24, 1991
Djibouti	May 17, 1982
Equatorial Guinea	November 28, 1983
Eritrea	February 18, 1994
Ethiopia	January 02, 1973
Gabon	January 02, 1973
Gambia	February 02, 1987
Ghana	January 02, 1973
Guinea	January 02, 1973
Guinea-Bissau	June 10, 1985
Kenya	October 29, 1974
Lesotho	October 25, 1990
Liberia	January 02, 1973
Madagascar	February 04, 1985
Malawi	January 02, 1973
Mali	June 10, 1985
Mauritania	October 29, 1974
Mauritius	August 22, 1995
Mozambique	April 10, 1985
Namibia	October 25, 1990
Niger	January 02, 1973
Nigeria	January 02, 1973
Republic of the Congo	January 02, 1973
Rwanda	February 27, 1981
Sao Tome & Principe	May 27, 1988
Senegal	January 02, 1973
Seychelles	July 20, 1989
Sierra Leone	February 05, 1985
Somalia	November 05, 1976
South Africa	June 27, 1994
Sudan	November 05, 1976
Tanzania	July 20, 1989
Togo	February 11, 1985

Uganda	July 20, 1989
Zambia	August 11, 1992
Zimbabwe	October 26, 1982

East Asia & Pacific

Australia	January 02, 1973
Brunei	January 02, 1973
Burma	January 02, 1973
Cambodia	January 02, 1973
China	June 12, 1984
Cook Islands	January 6, 1993
East Timor	May 27, 2002
Fiji	August 05, 1975
Indonesia	January 02, 1973
Japan	January 02, 1973
Korea	January 02, 1973
Kiribati	March 12, 2002
Laos	January 02, 1973
Malaysia	January 02, 1973
Marshall Islands	January 06, 1993
Micronesia	January 06, 1993
Mongolia	August 22, 1995
New Zealand	January 02, 1973
Palau	March 12, 2002
Papua New Guinea	December 04, 1980
Philippines	January 02, 1973
Samoa	January 06, 1993
Singapore	January 02, 1973
Solomon Islands	January 06, 1993
Taiwan	January 02, 1973
Thailand	January 02, 1973
Tonga	November 5, 1987
Tuvalu	March 12, 2002
Vanuatu	January 06, 1993
Vietnam	January 02, 1973

Europe & Eurasia

Albania	March 22, 1994
Armenia	April 18, 2002
Austria	January 02, 1973
Azerbaijan	April 18, 2002
Belgium	January 02, 1973
Bosnia and Herzegovina	February 23, 1996
Bulgaria	March 22, 1994
Canada	January 02, 1973
Croatia	April 08, 1999
Czech Republic	January 05, 1994
Denmark	January 02, 1973
Estonia	March 22, 1994

Federal Republic of Yugoslavia	January 02, 1973 Now invalid
Finland	January 02, 1973
France	January 02, 1973
Georgia	March 11, 1997
Germany	January 02, 1973
Greece	January 02, 1973
Hungary	December 06, 1991
Iceland	January 02, 1973
Ireland	January 02, 1973
Italy	January 02, 1973
Kazakhstan	March 11, 1997
Kyrgyzstan	March 11, 1997
Latvia	March 22, 1994
Lithuania	March 22, 1994
Luxembourg	January 02, 1973
Macedonia	March 08, 1996
Malta	January 02, 1973
Moldova	March 11, 1997
Netherlands	January 02, 1973
Norway	January 02, 1973
Poland	December 06, 1991
Portugal	January 02, 1973
Romania	March 22, 1994
Russia	March 11, 1997
Serbia and Montenegro	May 6, 2003
Slovakia	January 05, 1994
Slovenia	March 08, 1996
Spain	January 02, 1973
Sweden	January 02, 1973
Switzerland	January 02, 1973
Tajikistan	April 18, 2002
Turkey	January 02, 1973
Turkmenistan	March 11, 1997
Ukraine	March 11, 1997
United Kingdom	January 02, 1973
Uzbekistan	March 11, 1997

Near East

Algeria	April 8, 1983/April 10, 1985
Bahrain	January 02, 1973
Egypt	August 01, 1977
Iran	January 02, 1973
Iraq	July 21, 2004
Israel	January 02, 1973
Jordan	January 02, 1973
Kuwait	January 02, 1973
Lebanon	January 02, 1973
Libya	January 02, 1973
Morocco	January 02, 1973

Oman	January 02, 1973
Qatar	January 02, 1973
Saudi Arabia	January 02, 1973
Tunisia	January 02, 1973
United Arab Emirates	January 02, 1973
Yemen	January 02, 1973
South Asia	
Afghanistan	January 2, 1973
Bangladesh	December 31, 1980
India	January 02, 1973
Nepal	January 02, 1973
Pakistan	January 02, 1973
Sri Lanka	January 02, 1973
Western Hemisphere	
Antigua & Barbuda	April 8, 1982
Argentina	January 02, 1973
Bahamas	December 13, 1973
Barbados	June 21, 1979
Belize	November 23, 1981
Bolivia	January 02, 1973
Brazil	January 02, 1973
Chile	January 02, 1973
Colombia	January 02, 1973
Costa Rica	January 02, 1973
Dominica	March 13, 1980
Dominican Republic	January 02, 1973
Ecuador	January 02, 1973
El Salvador	January 02, 1973
Grenada	April 03, 1984
Guatemala	January 02, 1973
Guyana	August 30, 1993
Haiti	January 02, 1973
Honduras	January 02, 1973
Jamaica	January 02, 1973
Mexico	January 02, 1973
Nicaragua	January 02, 1973
Panama	January 02, 1973
Paraguay	January 02, 1973
Peru	January 02, 1973
St. Kitts-Nevis	April 9, 1984
St. Lucia	March 13, 1980
St. Vincent & Grenadines	March 13, 1980
Suriname	April 14, 1976
Trinidad & Tobago	January 02, 1973
Uruguay	January 02, 1973
Venezuela	January 02, 1973

International Organization

Economic Community of West African States (ECOWAS)	February 17, 2000
NATO and its Agencies	January 2, 1973
African Union	September 24, 2004
Organization of African Unity (Succeeded by the African Union)	August 25, 1992
Organization of American States	January 2, 1973
Organization for Security and Cooperation in Europe	June 30, 1999
Regional Security Systems	January 4, 2004
United Nations and its Agencies	January 2, 1973

Pursuant to Section 25(a)(8) of the Arms Export Control Act (AECA) and Section 503 of the Foreign Assistance act, as amended (FAA), the above is a listing of the countries and international organizations that the President has determined to be eligible under Section 3(a)(1) of the AECA to purchase defense articles and services. A determination of record under Section 3(a)(1) exists does not signify in itself that sales will be made.

End-Use Monitoring of Defense Articles and Defense Services Government to Government Services

Introduction

This report describes the actions that the Department of Defense took in the past fiscal year to comply with its end-use monitoring requirement in accordance with the Arms Export Control Act. In 1996, Congress amended [Public Law 104-164] the Arms Export Control Act (AECA) with Section 40A [22 U.S.C. 2785] which require "...to the extent practicable, such program shall be designed to provide reasonable assurances that the recipient is complying with the requirements imposed by the United States Government with respect to the use, transfers, and security of defense articles and monitoring of U.S. arms transfers, and security of defense articles and services." Section 40A also requires an annual report to Congress on the actions taken to implement the end-use monitoring program to include detailed accounting of costs and number of personnel associated with the program.

Department of Defense (DoD) End-Use Monitoring (EUM) - Golden Sentry

The Department of Defense Golden Sentry EUM program is responsible for monitoring government-to-government transfers to ensure that the defense articles and services get to the right purchasers and that defense articles and services provided by the U.S. government are utilized and safeguarded in accordance with the terms and conditions for the transfers. Primarily, Golden Sentry's objectives are to minimize security risks to the U.S., its friends and allies, and to ensure compliance with the technology control requirements that are associated with U.S.-origin arms transfers via government-to-government programs.

DoD Processes *Prior* to Any Transfer- Pre-checks and Vetting

There is no more thorough debate during a sensitive arms transfer than that which takes place within the Department of Defense and at State Department before we come to consensus in support of a sensitive arms transfer. In view of the serious consequences of the proliferation of dangerous weapons and technologies, we believe by 'front-loading' this array of processes and procedures we mitigate these risks.

The following are highlights from Lieutenant General Tome Walters, then Director of DSCA, appearance before the Congressional Committee on Government Reform Subcommittee on National Security, Emerging Threats and International Relations on 9 March 2003: "Each proposed transfer is thoroughly vetted by many different organizations and offices to ensure releasability, disclosure, and other concerns are addressed. The most important restrictions placed on these exports, indeed the fundamental elements of the U.S. export control regime, involve establishing the trustworthiness of the end-user and the actual "end-use" *before* approval of any defense article's transfer. Furthermore, our foreign partners' requests for significant military equipment are coordinated closely with the combatant commanders and the U.S. country team. The U.S. country team must assess several aspects of the transfer to include political impacts in the region as well as the ability of the host nation and the security assistance organization in country to properly perform their end-use monitoring responsibilities. The endorsement of the combatant commander and consistency with Theater Security Cooperation strategy and implementation plans are critical. During this "pre-sale" process, determinations are made as to whether a country has the will and the capability to secure, account for, and operate these systems within the requirements established by the United States. For some systems, for example the items that have been identified for Enhanced EUM, approval must be obtained from the National Disclosure Policy Committee for release to most of the countries. Finally, formal Congressional Notification is required prior to any offer being made and these notifications clearly

identify the customer and the capability being proposed for transfer and provide an opportunity for further discussion or rejection of a proposed transfer.”

DoD Processes *During* Transfer- Government-to-Government Agreements

When materiel, services, or training are provided under Foreign Military Sales, there is a government-to-government agreement (known in our terminology as a Letter of Offer and Acceptance or “LOA”) between the United States and the foreign government or international organization. This agreement spells out the type and quantities of items to be sold as well as any unique end-use monitoring requirements that might be necessary based on the complexity or sensitivity of the actual equipment or technologies being provided. These notes or LOA conditions may require the country to secure, account for, and operate the systems in accordance with provisos that equal the requirements of the U.S. Military Departments. The conditions of the LOA may also inform the country that the USG may travel in country to physically inventory or otherwise monitor the use of specific types of equipment---either as part of routine visits or to verify reports of unauthorized use---and by signing the document they agree to these conditions. While we must be sensitive to issues of sovereignty with our foreign friends and allies, they must understand that we always reserve the right to monitor and ensure compliance with the articles and services we provide. DSCA processed approximately 3,698 LOAs in FY04 with 463 rejects/returns to the implementing agencies for policy and/or administrative reasons.

DoD Processes *After* Transfer - End-Use Monitoring and Compliance

The purpose of the “Golden Sentry” program is to scrutinize the foreign purchaser’s use of defense articles and services (to include training) to ensure their use is in compliance with the agreements under which they were provided. The “Golden Sentry” program is relatively new --- we formally implemented the program in 2001 --- and we are still in the process of fully putting procedures in place throughout the security assistance/cooperation community. The program levies monitoring and compliance requirements not only on the host nation, but also on our security assistance organizations as well as our military departments. It also provides for compliance visits where EUM “Tiger Teams” travel to countries to ensure proper end-use and accountability procedures are being used by our foreign partners and security assistance personnel.

DSCA’s priority is the Enhanced EUM program that monitors: man portable air defense systems (MANPADS), such as Stinger Missiles and gripstocks; long range, highly capable man portable land attack missiles (such as JAVELIN and Tube-Launched, Optically-Tracked, Wire-Guided (TOW-2B)); and beyond visual range air-to-air missiles (such as the AIM-120 AMRAAM). Some of the other items on the Enhanced EUM list include Night Vision Devices, Communications Security Equipment (COMSEC), and Grant Assistance defense articles and services provided under the provision of Section 505 of the FAA, e.g., Military Assistance Program (MAP), Foreign Military Financing et al. Additional Enhanced EUM items that were added in 2004 are: the AIM-9X Advanced Sidewinder and Harpoon Block II missiles and the entire family of precision guided munitions, i.e., Joint Stand-Off Weapons (JSOW) and Joint Direct Attack Munitions (JDAM). During recent EUM “Tiger Team” visits, DSCA also assessed and inventoried the AGM-84 Harpoon and AGM-114 Hellfire missiles.

EUM Guidance

DSCA has published three policy memoranda to promulgate clearly the direction of the EUM Golden Sentry program.

1. The first memorandum published was “End-Use Monitoring (EUM) Responsibilities in Support of the Department of Defense Golden Sentry EUM Program (DSCA Policy Memo 02-43),” dated 4 December 2002. This policy delineated the responsibilities of the security assistance/cooperation

community in support of the Golden Sentry program.

2. The second policy memorandum was titled “Revised Guidance for Stinger/Man Portable Air Defense Systems (MANPADS) (DSCA Policy Memo 03-10),” dated 4 June 2003. This memorandum increased the U.S. inventory requirement by the security assistance organizations from 5% to 100% annually of foreign Stinger missiles, grip stocks and essential components.
3. A third policy memorandum is titled “Golden Sentry End-Use Monitoring (EUM) Visits Policy (DSCA Policy memo 04-11) dated 2 April 2004. This memorandum provides defined guidance for the conduct of three types of EUM visits: Familiarization, Tiger Team and Investigative.

All of the policy memoranda are incorporated into the Security Assistance Management Manual (SAMM). Furthermore, in January 2005, DSCA will refine its guidance for implementation of DoD responsibilities in support of the Golden Sentry End-Use Monitoring program. Additionally, once staffing is completed, we will publish policy guidance that addresses how the EUM community shall budget funding for new Enhanced EUM requirements and end of year data reporting formats to more accurately meet future congressional reporting requirements for the Congressional Budget Justification (CBJ).

Efforts since FY2005 CBJ report

Resources: For FY05, DSCA has budgeted \$1.4M for Enhanced EUM that is managed at DSCA Headquarters. In addition to the Program Manager hired in June 2002 and contractor support in 2003, in 2004 DSCA added a second full-time civilian employee and allocated funding for three more civilian employees in FY2005.

SAO EUM Workload Surveys: EUM activity was added to the annual Security Assistance Organization (SAO) tasking as a separate workload measure in 2003. A detailed explanation was developed to clarify which tasks performed by SAOs should be included in the EUM category, thereby capturing the resource expenditures associated with the performance of “Routine” and “Enhanced” EUM by the SAO.

Actual for FY04

	EUM WORKLOAD SURVEY	TOTAL SAO FUNDING
CENTCOM	241.7	14,680.2
EUCOM	855.4	20,952
NORTHCOM	11.8	676
PACOM	397.9	9,201
SOUTHCOM	751.9	8,973
AIT	144	3,000
TOTAL	2,402.7	57,482.2

*Figures are represented in the thousands \$

Estimated for FY05

	EUM WORKLOAD SURVEY	TOTAL SAO FUNDING
CENTCOM	250.2	14,874.5
EUCOM	898.5	21,983
NORTHCOM	12.6	705
PACOM	430	9,800
SOUTHCOM	786.2	9,549
AIT	148	3,090
TOTAL	2,525.5	60,001.5

*Figures are represented in the thousands \$

DSCA and Defense Threat Reduction Agency On-Site Inspection Directorate Partnership: In 2004, DSCA and the Defense Threat Reduction Agency (DTRA) established a long-term support relationship that through a joint effort will improve the DoD End-Use Monitoring program. DSCA will maintain overall operational authority and management responsibility for DoD's EUM program. DTRA will assist DSCA with supplemental manpower support in the conduct of Enhanced EUM missions worldwide to the degree possible with its ongoing missions.

EUM Tiger Team visits: A cornerstone of the Golden Sentry EUM program is the Tiger Team visits. EUM Tiger Team visits are of two types: 1) to assess U.S. government representatives and host nations' compliance with transfer provisos and other conditions of sales, and 2) visits to follow-up potential violations of the AECA, FAA, or other transfer agreements, e.g., compliance visits. The visit objectives are to:

1. Assess a specific country team or regional command's overall EUM compliance program.
2. Assess a country's compliance with specific physical security and accountability agreements through facility visits, records review, and review of local security policies and procedures.
3. Conduct routine or special inventories of U.S.-origin defense articles and/or services.
4. Appraise possible violations of the AECA, FAA, and/or other transfer instruments, e.g., Bi/Multi-Lateral Memoranda of Agreement or Understanding and other Implementing Agreements.

Three EUM Tiger Team assessment visits were conducted in 2004; one each to CENTCOM, EUCOM and PACOM. Additionally, there were five Familiarization visits in 2004; including three visits that were supported by the Defense Threat Reduction Agency's On-Site Inspection Directorate-DSCA partnership.

The Way Ahead

Tiger Team Visits: Four EUM Tiger Team assessment visits are planned in 2005.

Resources: \$1.4 million is programmed towards Program Element #27 (EUM) in FY06 to be managed at the DSCA Headquarters.

SAO EUM Workload Surveys:

	Projected for FY06	
	PROJECTED EUM WORKLOAD SURVEY	TOTAL SAO FUNDING
CENTCOM	257.9	15,217.5
EUCOM	943.1	23,028
NORTHCOM	12.9	724
PACOM	431.7	9,859
SOUTHCOM	813.4	9,829
AIT	153	3,183
TOTAL	2,612	61,840.5

*Figures are represented in the thousands \$

EUM Automation Support: In 2004, DSCA funded approximately \$1M for the development of an automation tool that incorporates end-use monitoring functions for the security assistance/cooperation community. The implementing agencies, the combatant commanders, the SAO and host nations will be able to “read” Enhanced EUM inputs in a real-time, secure and “compartmentalized” environment via the web. The EUM function will notify users when: items are shipped, items are received, inventories are delinquent, inventories are performed, and provide a variety of other canned reports. The EUM application will also allow authorized users to establish, update, dispose, delete and perform transfers of the Enhanced EUM items. The EUM application is on schedule to be deployed for “beta-testing” in February 2005. Full deployment of the EUM application is targeted for May 2005.

Outreach Programs: Golden Sentry continues its outreach program via attendance at conferences hosted by the Combatant Commands, hosting EUM “worldwide” meetings, partaking in bi-lateral and other stakeholders’ meetings in various venues worldwide. This outreach has contributed tremendously to a greater understanding of the “Golden Sentry” program, thereby strengthening awareness of U.S. export controls. Additionally, outreach has proven to be a useful instrument in support of broader U.S. policy goals related to being a responsible arms provider.

Conclusion

Although we recognize that we have work to continue to perform, thus far, there have been many achievements. The momentum is positive and the EUM Golden Sentry program direction is headed in the right direction. We look forward to further accomplishments in FY06.

End-Use Monitoring of Defense Articles and Defense Services Commercial Exports FY04

This report describes the actions the Department of State took in the past fiscal year under Section 40A of the Arms Export Control Act (AECA) to implement end-use monitoring of the commercial export of defense articles, services, and related technical data subject to licensing under Section 38 of the AECA. The Directorate of Defense Trade Controls, in the Bureau of Political-Military Affairs (PM/DDTC), Department of State, is responsible for administering the International Traffic in Arms Regulations (ITAR) that implement the AECA. DDTC's functions include registration of manufacturers, brokers, and exporters, licensing of commercial defense trade, overseeing compliance with U.S. export regulations, supporting U.S. law enforcement agencies in criminal investigations and prosecutions of AECA violations, as well as the end-use monitoring of licensed transactions. End-use monitoring entails pre-license or post-shipment checks on any party or other aspect of a defense trade transaction in order to verify its bona fides.

DDTC is currently authorized a full-time complement of 71 State Department personnel, which is supplemented by eight military officers and about 40 contract personnel working on defense trade licensing and end-use monitoring efforts. DDTC's operational budget for FY 2004 was approximately \$13.4 million.

Overseas Monitoring: The Blue Lantern Program

Initiated in September 1990 as the first systematic end-use check program, the Blue Lantern program has strengthened export controls and has proven to be a useful instrument in: 1) deterring diversions, 2) aiding the disruption of illicit supply networks used by rogue governments and international criminal organizations, and 3) helping the Department make informed licensing decisions and ensuring compliance with the AECA and the ITAR. End-use checks performed under the Blue Lantern program have significantly encouraged compliance with legal and regulatory requirements and have proven particularly effective in addressing the growing problem of gray arms trade (the use of fraudulent export documentation to acquire defense articles through legitimate channels for end-users inimical to U.S. interests). U.S. embassy personnel, or, in some instances, DDTC personnel, conduct Blue Lantern end-use checks abroad to verify the specific end-use and end-user of commercial defense exports and transfers controlled under the AECA.

Although most commercial defense trade is legitimate, a small percentage of cases can fall prey to gray arms manipulations. The goal of the Blue Lantern program is to prevent gray arms networks from misleading our export control process to obtain military items and technologies. The roughly 500 Blue Lantern checks conducted each year are the result of a targeted selection process to efficiently identify transactions that are most vulnerable to this type of diversion or misuse. License applications and approvals undergo review by Licensing and Compliance officers, who compare the details of the case with specified, time-tested criteria to determine a transaction's suitability for a Blue Lantern check. DDTC reviews about 60,000 transactions annually, and the knowledge and trend analysis derived from the 500 checks is used by DDTC to better assess the national security concerns associated with the export of specific defense articles controlled by the U.S. Munitions List.¹

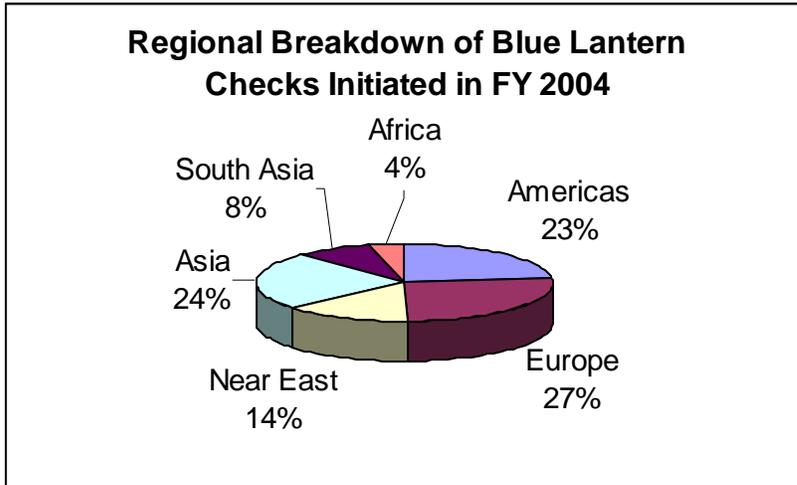
Results of End-Use Checks in FY 2004

In FY 2004, DDTC initiated 530 checks, a record number in the history of the program. Blue Lantern checks performed in FY 2004 resulted in 93 unfavorable cases, which is the highest number of unfavorable

¹ Due to the targeted approach of the Blue Lantern Program, caution must be used when using this data for statistical purposes.

checks in the history of the Blue Lantern program (representing nearly 18% of total checks conducted). A regional breakdown of the 530 checks performed in 2004 follows in Table 1. The regional breakdown in FY 2004 is comparable to FY 2003, although there was a slight increase in the percentage of Blue Lantern checks in Africa and a more substantial decrease in the percentage in the Americas.

Table 1:



In response to a January 2004 report by the Government Accountability Office (GAO) on “Improvements Needed to Better Control Technology Exports for Cruise Missiles and Unmanned Aerial Vehicles,” DDTC increased substantially the number of Blue Lantern post-shipment checks on unmanned aerial vehicle (UAV) components for private and government end users. During FY 2004, DDTC initiated 18 checks on UAV components. Of these 18 checks, 10 are either underway or completed, and 2 have already come back with unfavorable results. The first unfavorable case was for UAV spare parts that were reportedly destined for a European military end-user. However, the Blue Lantern revealed that the spare parts were for testing by a private company. In the second case, the ostensible end-user in Africa could not be located. Both cases have been referred to DDTC’s Enforcement Division for further action. Pursuant to the GAO Report, DDTC continues to target UAV licenses for Blue Lantern end-use checks.

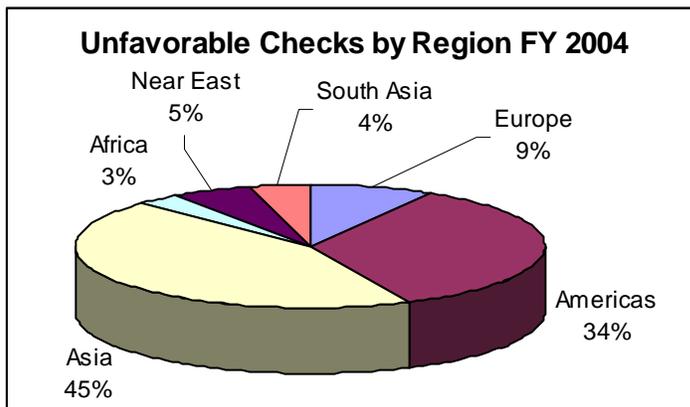
Analysis of Unfavorable Checks by Commodity:

Of commodities involved in unfavorable determinations, the most prevalent remains firearms and ammunition, which together represented 18% (17/93) of unfavorable cases; this, however, represents a marked decrease from FY03 when firearms and ammunition cases constituted a full 49% (37/76) of unfavorable Blue Lanterns. The percentage of unfavorable checks involving aircraft spare parts at risk of diversion to prohibited countries such as China and Iran (who actively seek spare parts to circumvent U.S. embargoes and to increase the operational readiness of military aircraft in their inventories), jumped from 24% (18/76) in 2003 to 35% (33/93) in 2004. The increase in the percentage of unfavorable checks involving aircraft spare parts is also noteworthy because the number of checks conducted on aircraft spare parts remained the same as in 2003. The next category, electronics and communications equipment, captured 18% (17/93) of the unfavorable cases. The remaining unfavorable checks involved commodities such as missile spare parts, military training equipment, and night vision equipment.

Analysis of Unfavorable Checks by Region:

In FY 2004, countries in Asia comprised 45% percent of the unfavorable checks. This high proportion may be attributed to the greater number of checks overall conducted in this region in FY 2004. Europe, traditionally quite high in the number of unfavorable cases, decreased to 9% from 18% in 2003.

Table 2:



Generally, the unfavorable cases in the Western Hemisphere region involved commodities such as firearms, ammunition, and explosives. Asia's unfavorable cases revealed aircraft and helicopter spare parts, as well as electronics and communications equipment, to be in high demand.

Reasons for Unfavorable Checks in FY 2004:

In 38% of the unfavorable cases closed in 2004, the purported end-user did not order the items that were the subject of the inquiry. In 12% of the unfavorable cases, derogatory information was found on one or more of the parties involved. Misuse or unauthorized transfers were found in nearly 9% of the unfavorable cases. In 8% of unfavorable cases, the foreign end-user could not adequately justify the purchase of what was established by DDTC to be an excessive quantity of items requested. Also in 11% of the unfavorable cases, the foreign company was not found or company officials did not cooperate with the inquiry. Unfavorable Blue Lanterns are routinely referred to DDTC's Enforcement Division (END) for coordination with the Department of Justice for possible criminal action or civil action within the Department.

The following examples illustrate the effectiveness of the Blue Lantern Program in FY 2004:

- A pre-license check on the export of gyroscopes to a Southeast Asian country for use in CASA 212 aircraft was returned with unfavorable results when the end-user, as well as the foreign consignee, denied ever placing the order. As a result, the licenses were not approved and future licenses involving those entities will be subject to additional scrutiny.
- A pre-license check on several requests to export F-5 aircraft parts to a Southeast Asian country via a known illicit trafficker in the Middle East revealed that the end-user had no contract with the foreign consignee. DDTC denied the licenses.
- A post-license check for the export of C-130 aircraft parts to a government in the Middle East via a Southeast Asian foreign intermediate consignee found that the government did not have either a

contract or a firm order with the company. DDTC updated information on the consignee in its “Watchlist” of entities suspected of illicit activities and/or requiring special scrutiny.

- A pre-license check for the export of gas masks to a South American country revealed that the end-user did not exist. DDTC denied the license and added the end-user to its Watchlist.
- A pre-license check for CH-47 helicopter spare parts to a European country found that the end-user never placed an order for the parts and had no relationship with the foreign consignee. Pending further review of this case by DDTC’s Licensing Division and END, DDTC added the foreign consignee to its Watchlist.
- A pre-license check involving pistols to be exported to a Central American country revealed that the end-user had been set up as a front company for another firearms retailer that was under investigation by the local government for export violations. DDTC denied the license and added both companies to its Watchlist.

Compliance/Enforcement: State-ICE Cooperation

Cooperation between the State Department and the Immigration and Customs Enforcement (ICE) bureau of the Department of Homeland Security (DHS) also plays a vital role in tackling and inhibiting gray arms activity. (ICE has authority to investigate criminal violations of the AECA.) In FY04, cooperative programs between State and ICE facilitated more than 923 commercial arms seizures at U.S. ports of exit totaling almost \$136 million, a significant increase from the \$106 million reported in FY 2003. ICE has two officers assigned to the State Department to coordinate Department support for criminal investigations and coordinate documents for prosecutions of the AECA.

Effective enforcement and compliance with U.S. regulations could not be possible without close cooperation between DHS – both ICE and its Customs and Border Protection (CBP) bureau – and the Directorate of Defense Trade Controls. The goal of this cooperative effort is the verification of licensed exports and the compliance of exporters. As part of this effort, DDTC electronically provides licensing data that allows for accurate, real-time monitoring by DHS officials of commercial arms moving in and out of the United States. Through ICE’s Operation Exodus, DDTC also provides authoritative opinions, rulings, and advice on a daily basis to ICE concerning licensing and other regulatory requirements.

Commercial Exports Licensed or Approved Under the Arms Export Control Act

The data in the following chart on commercial arms sales are compiled on the basis of information available to the Department as of January 2005. The first column, entitled “Actual Deliveries (preliminary)” shows the preliminary dollar value totals by destination of exports during fiscal year 2004. These export totals which, in some cases, do not reflect defense training and technical assistance, are compiled from expired or completed licenses returned to the Department by exporters or the Department of Homeland Security/Customs Border Patrol (CBP) and export shipment data recently made available to the State Department via the Automated Export System (AES). The totals are very preliminary because (a) the vast majority of State Department munitions export licenses are approved for four calendar years, thereby allowing shipments to span five fiscal years, and are not returned to the State Department until usage of the licenses usage is completed or the licenses expire; and (b) the fiscal year 2004 AES information is still being compiled and under review for accuracy. Thus, information on “Actual Deliveries (preliminary)” in this chart is incomplete. In the future, information collected through AES and reporting of technical data exports directly to the State Department will allow a more accurate portrayal of “up-to-date” export transactions. For further information, see also the classified annex to this document.

The second and third columns in the chart show the estimated dollar value totals by destination of possible deliveries in fiscal years 2005 and 2006. These estimates are based primarily on the dollar values of licenses approved for each destination during the prior two fiscal years (the dollar values of the authorized licenses are not shown here but captured in reports to the Congress made pursuant to section 655 of the Foreign Assistance Act of 1961, as amended. The value of defense export authorizations in FY 2004 amounted to \$22,426,833,938 billion in defense articles and \$44,729,024,937 billion in defense services. Not all export approvals result in signed contracts and actual exports. Key factors that affect the final export value include the availability of the licensed item for shipping, and how quickly the license is returned to the Department. (See also the classified annex.) Other factors that cannot be quantified are economic and security considerations at the final destinations, as well as changing U.S. foreign policy and national security considerations. In exercising defense trade controls, the Department administers embargoes on commercial arms transfers to more than two dozen countries in any given year as a result of U.S. law and foreign policy/national security considerations and UN Security Council decisions. Several other countries are subject to special scrutiny due to non-proliferation, regional security (e.g., disputed territories or borders), or human rights concerns. Countries for whom there were no actual deliveries in fiscal year 2004 and which had no authorized license for fiscal years 2003 and 2004 do not appear in this report.

The procedures for estimating defense commercial sales for out years (fiscal years 2005 and 2006) were revised for the 1995 CPD. Previous procedures for such estimates called for extrapolating exports for the first year at forty percent of the actual dollar value of licenses approved in the previous two fiscal years. The second out year’s exports would have been estimated at sixty percent of that two-year total.

However, based on historical data, the Department now estimates exports for the first out year (fiscal year 2005) to be ten percent of the total dollar value of approved licenses for the previous two fiscal years (fiscal years 2003 and 2004). The exports for the second out year (fiscal year 2006) are estimated to be fifty percent of those for fiscal year 2004.

Commercial Exports Licensed or Approved Under the AECA
(Dollars in Thousands)

<i>Region Name</i>	<i>Country / Designation</i>	<i>Actual Deliveries*</i>	<i>Estimated Deliveries</i>	
<i>FY 2000</i>		<i>FY 2004</i>	<i>FY 2005</i>	<i>FY 2006</i>
		<i>(Preliminary)</i>		
AFRICA				
	ANGOLA		535	5
	BENIN		4	20
	BOTSWANA	16,979	5,497	12,338
	CAMEROON	3,000	313	0
	CAPE VERDE		8	0
	CENTRAL AFRICAN REPUBLIC	39	0	0
	CHAD		63	316
	DJIBOUTI		15	20
	ERITREA		18	0
	ETHIOPIA	42	48	51
	GABON		5	25
	GAMBIA		190	950
	GHANA		131	555
	GUINEA		514	21
	IVORY COAST	91	0	0
	KENYA	1,887	608	811
	MADAGASCAR		148	0
	MALAWI	23	138	656
	MALI	10	523	0
	MAURITANIA		2	0
	MAURITIUS	22	40	202
	NAMIBIA	103	169	205
	NIGER	137	3	15
	NIGERIA	6	739	72
	SENEGAL	159	1,004	7
	SEYCHELLES		33	120
	SOUTH AFRICA	7,622	6,501	20,745
	TANZANIA		20	4
	UGANDA	794	1,909	7,517
	ZAMBIA		573	8

<i>Region Name</i> <i>FY 2000</i>	<i>Country / Designation</i>	<i>Actual Deliveries*</i> <i>FY 2004</i> <i>(Preliminary)</i>	<i>Estimated Deliveries</i> <i>FY 2005</i>	<i>FY 2006</i>
	<i>AFRICA Totals :</i>	30,914	19,751	44,663
<i>EAST ASIA & PACIFIC</i>				
	AMERICAN SAMOA	60	0	0
	AUSTRALIA	269,565	214,773	541,920
	BRUNEI	1,105	797	1,223
	EAST TIMOR	21	0	0
	FIJI		1	1
	FRENCH POLYNESIA	13	2	5
	GUAM	1,504	0	0
	HONG KONG	1,722	676	963
	INDONESIA	9,616	15,671	8,934
	JAPAN	1,646,265	1,701,241	2,667,010
	KIRIBATI		34,156	788
	MALAYSIA	44,140	35,126	93,289
	MARSHALL ISLAND		7,157	769
	MICRONESIA	8	0	2
	MONGOLIA	3	40	51
	NEW CALEDONIA	164	124	220
	NEW ZEALAND	26,937	21,178	60,211
	PALAU	1	22	0
	PAPUA NEW GUINEA	1	802	4,002
	PHILIPPINES	11,234	5,656	23,290
	SINGAPORE	388,858	122,431	499,279
	SOLOMON ISLANDS		400	0
	SOUTH KOREA	327,660	302,872	755,789
	TAIWAN	34,310	200,000	200,000
	THAILAND	25,598	19,650	57,714
	TONGA	46	14	0
	VANUATU		400	2
	VIETNAM		14	0
	<i>EAST ASIA & PACIFIC Totals :</i>	2,788,831	2,683,203	4,915,462

<i>Region Name</i> <i>FY 2000</i>	<i>Country / Designation</i>	<i>Actual Deliveries*</i> <i>FY 2004</i> <i>(Preliminary)</i>	<i>Estimated Deliveries</i> <i>FY 2005</i>	<i>FY 2006</i>
<i>EUROPE & NIS</i>				
	ALBANIA	24	105	526
	ANDORRA	6	11	17
	ARMENIA		32	158
	AUSTRIA	2,371	3,585	11,311
	AZERBAIJAN	17	199	525
	BELGIUM	46,061	26,281	66,174
	BOSNIA HERZEGOVINA	3	127	86
	BULGARIA	4,590	947	3,180
	CROATIA	41,567	392	1,621
	CYPRUS	40	555	1,485
	CZECH REPUBLIC	5,361	3,006	8,962
	DENMARK	310,393	51,685	84,165
	ESTONIA	431	354	1,524
	FINLAND	24,885	9,284	23,514
	FRANCE	126,987	97,366	182,250
	GEORGIA	59	461	0
	GERMANY	285,608	443,559	1,141,089
	GIBRALTAR		3	0
	GREECE	162,874	142,015	208,505
	GREENLAND	193	205	848
	HUNGARY	10,901	874	3,034
	ICELAND	1,068	1,526	7,199
	IRELAND	4,782	4,927	4,613
	ITALY	403,176	244,485	839,378
	KAZAKHSTAN	14	1,678	5,042
	KYRGYZSTAN	24	178	348
	LATVIA	3,671	1,508	813
	LITHUANIA	149	210	196
	LUXEMBOURG	38,970	27,308	90,424
	MACEDONIA	4	73	1
	MALTA	21	7	29
	MOLDOVA	4	21	55
	NETHERLANDS	52,827	328,138	1,486,464

<i>Region Name</i> <i>FY 2000</i>	<i>Country / Designation</i>	<i>Actual Deliveries*</i>	<i>Estimated Deliveries</i>	
		<i>FY 2004</i> <i>(Preliminary)</i>	<i>FY 2005</i>	<i>FY 2006</i>
	NORWAY	87,754	113,403	427,079
	POLAND	21,729	13,020	37,510
	PORTUGAL	10,660	11,066	19,899
	ROMANIA	21,143	3,263	13,301
	RUSSIA	240	11,589	17,103
	SAN MARINO		37	19
	SERBIA	67	231	19
	SLOVAKIA	1,447	2,092	6,975
	SLOVENIA	6,022	1,234	5,796
	SPAIN	123,328	52,460	103,974
	SWEDEN	124,139	41,221	95,863
	SWITZERLAND	87,570	17,584	65,081
	TAJIKSTAN		18	89
	TURKEY	153,798	144,549	497,659
	TURKMENISTAN	118	36	129
	UKRAINE	23	19,927	2,603
	UNITED KINGDOM	588,676	1,119,736	2,916,132
	UZBEKISTAN	358	232	298
	<i>EUROPE & NIS Totals :</i>	<i>2,754,153</i>	<i>2,942,803</i>	<i>8,383,065</i>
<i>NEAR EAST</i>				
	ALGERIA	77,881	59,877	19,900
	BAHRAIN	2,139	4,236	11,968
	EGYPT	166,813	52,788	173,189
	IRAQ	32,123	52,558	211,242
	ISRAEL	418,883	255,898	827,226
	JORDAN	19,794	15,973	24,014
	KUWAIT	63,773	144,546	580,877
	LEBANON	90	387	14
	MOROCCO	30,350	3,171	8,703
	OMAN	48,618	8,332	12,979
	QATAR	1,612	3,206	2,209
	SAUDI ARABIA	45,709	96,779	327,675
	TUNISIA	2,775	2,106	4,172

<i>Region Name</i> <i>FY 2000</i>	<i>Country / Designation</i>	<i>Actual Deliveries*</i> <i>FY 2004</i> <i>(Preliminary)</i>	<i>Estimated Deliveries</i> <i>FY 2005</i>	<i>FY 2006</i>
	UNITED ARAB EMIRATES	360,820	434,841	1,919,407
	YEMEN	1,842	1,279	4,225
	NEAR EAST Totals :	1,273,222	1,135,977	4,127,800
NON-REGIONAL				
	CLASSIFIED TOTALS	183,751	1,000,000	1,000,000
	INTERNATIONAL ORG.	270	433,827	919,069
	NON-REGIONAL Totals :	184,021	1,433,827	1,919,069
SOUTH ASIA				
	AFGHANISTAN	3,472	19,039	78,846
	BANGLADESH	519	440	1,616
	BHUTAN		6	29
	INDIA	15,516	17,788	24,629
	NEPAL	71	175	396
	PAKISTAN	7,492	33,536	82,261
	SRI LANKA	1,650	1,771	5,813
	SOUTH ASIA Totals :	28,720	72,755	193,590
WESTERN HEMISPHERE				
	ANTIGUA-BARBUDA	1	10	14
	ARGENTINA	1,758	4,379	18,059
	ARUBA	33	23	25
	BAHAMAS	1,284	831	3,696
	BARBADOS	358	88	137
	BELIZE	66	45	87
	BERMUDA	40	21	44
	BOLIVIA	2,535	1,306	1,644
	BRAZIL	56,951	23,132	51,569
	CANADA	111,614	170,123	424,433
	CAYMAN ISLANDS	12	109,106	272,767
	CHILE	9,778	13,319	29,381
	COLOMBIA	30,404	13,602	35,399

<i>Region Name</i> <i>FY 2000</i>	<i>Country / Designation</i>	<i>Actual Deliveries*</i>		<i>Estimated Deliveries</i>	
		<i>FY 2004</i> <i>(Preliminary)</i>	<i>FY 2005</i>	<i>FY 2006</i>	<i>FY 2006</i>
	COSTA RICA	1,008	598		1,697
	DOMINICA	5	10		8
	DOMINICAN REPUBLIC	2,474	684		1,988
	ECUADOR	2,255	60,852		300,988
	EL SALVADOR	1,635	742		1,670
	FRENCH GUIANA	213,506	46,868		48,111
	GRENADA	7	22		69
	GUATEMALA	672	517		958
	GUYANA	47	16,107		59
	HAITI		11		54
	HONDURAS	131	421		336
	JAMAICA	1,118	363		954
	MEXICO	90,961	41,186		139,555
	MONTSERRAT		1		0
	NETHERLANDS ANTILLES	185	26		76
	NICARAGUA	404	148		390
	PANAMA	1,726	828		3,052
	PARAGUAY	42	7		5
	PERU	603	1,782		1,668
	SAINT LUCIA	12	0		0
	SAINT VINCENT & GRENADINES	15	0		0
	ST KITTS AND NEVIS	342	1		2
	ST LUCIA	1	20		43
	ST VINCENT & GRENADINES	1	4		10
	SURINAME	73	13		51
	TRINIDAD & TOBAGO	722	160		560
	TURKS & CAICOS ISLANDS	10	52		260
	URUGUAY	138	393		1,653
	VENEZUELA	24,934	14,771		49,282
	WESTERN HEMISPHERE Totals :	557,861	522,572		1,390,754
	Grand Totals :	7,617,722	8,810,888		20,974,403

Foreign Military Financing Grants (11-1082)
(\$ in millions)

	Actual FY 2004	Estimated FY 2005	Proposed FY 2006
Appropriated Funds			
Egypt Grant	1,292.330	1,289.600	1,300.000
Israel Grant	2,147.256	2,202.240	2,280.000
Jordan Grant	204.785	204.352	206.000
Other Countries Grants	584.034	1,009.360	710.100
Administrative Costs	40.260	39.680	42.500
Rescission	25.335	38.268	
Total FMF Appropriation	<u>4,294.000</u>	<u>4,783.500</u>	<u>4,538.600</u>
Less: Appropriation Rescinded	-25.335	-38.268	
Plus: Supplemental Appropriation	287.000		
Plus: Transfer from Other Accounts	77.372		
Plus: Resources available from recoveries prior year deobligations	2.000	1.500	
Plus: Resources available from MAP sales	0.045		
Less: Transfers to Other Accounts	-10.900		
Less: Unobligated balances for administrative costs	-0.033		
Total Budgetary Resources Obligated	<u>4,624.149</u>	<u>4,746.732</u>	<u>4,538.600</u>
Total FMF Outlays (Net)	<u>5,302.367</u>	<u>4,899.000</u>	<u>4,834.000</u>

Foreign Military Financing Program Account (11-1085)
(\$ in millions)

	Actual FY 2004	Estimated FY 2005	Proposed FY 2006
Budget Authority			
Direct Loan Subsidy Appropriation	0.000	0.000	0.000
Subsidy Re-estimates	0.000	2.552	0.000
Total Budget Authority	<u>0.000</u>	<u>2.552</u>	<u>0.000</u>
Total Obligations	0.000	2.552	0.000
Outlays (Net)	0.000	2.552	0.000

Foreign Military Loan Liquidating Account (11X4121)
(\$ in millions)

	Actual FY 2004	Estimated FY 2005	Proposed FY 2006
Budget Authority for Guarantee Claims:			
Permanent Indefinite Authority	56.555	7.500	5.000
Collections of Guarantee Claims	10.145	12.095	24.418
Total Budget Authority	<u>66.700</u>	<u>19.595</u>	<u>29.418</u>
Total Obligations and Disbursements for Guaranteed Claims	66.700	19.595	29.418
Offsetting Collections			
Repayment of Direct Loans	-129.268	-118.727	-110.994
Repayment of FFB Loans	-223.495	-220.486	-220.514
Purchase of Loans from the Military Debt Reduction Account (11X4174)	0.000	0.000	0.000
Total Offsetting Collections	<u>-352.763</u>	<u>-339.213</u>	<u>-331.508</u>
Outlays (Net)	-286.063	-319.618	-302.090

Direct Loan Financing Account (11X4122)

(\$ in millions)

	Actual FY 2004	Estimated FY 2005	Proposed FY 2006
Budget Authority and Obligations			
Direct Loans	0.000	0.000	0.000
Interest on Treasury Borrowing	86.345	65.433	74.723
Downward Subsidy Re-estimate	64.175	44.389	0.000
Interest on Downward Re-estimate	20.615	13.711	0.000
Total Budget Authority and Obligations	<u>171.134</u>	<u>123.533</u>	<u>74.723</u>
Disbursements	252.984	314.032	546.822
Offsetting Collections:			
Collections on Upward Subsidy Re-estimate	0.000	-2.552	0.000
Interest on Uninvested Funds - Treasury	-29.610	0.000	0.000
Loan Repayments from Country	-911.300	-337.788	-224.663
Total Offsetting Collections	<u>-940.910</u>	<u>-340.340</u>	<u>-224.663</u>
Outlays (Net)	-687.926	-26.308	322.159

Military Debt Reduction Financing Account (11X4174)

(\$ in millions)

	Actual FY 2004	Estimated FY 2005	Proposed FY 2006
Budget Authority and Obligations			
Loan Purchase from Liquidating Acct	0.000	0.000	0.000
Loan Purchase from Commercial Bank	31.054	0.000	0.000
Interest on Debt to Treasury	11.151	13.902	13.283
Downward Subsidy Re-estimate	0.000	0.021	0.000
Total Budget Authority and Obligations	<u>42.205</u>	<u>13.923</u>	<u>13.283</u>
Disbursements	42.208	13.923	13.283
Offsetting Collections:			
Collections from Loan Subsidy Account	-0.087	11.000	0.000
Collection on Upward Subsidy Re-estimate	-0.072	0.000	0.000
Collection from Liquidating Account	-31.054	0.000	0.000
Interest on Uninvested Funds	-0.350	0.000	0.000
Loan Repayments from Country	-6.177	-20.046	-21.940
Total Offsetting Collections	<u>-37.740</u>	<u>-31.046</u>	<u>-21.940</u>
Outlays (Net)	4.468	-17.123	-8.657

International Military Education & Training Program (11-1081)
(\$ in millions)

	Actual	Estimated	Proposed
	FY 2004	FY 2005	FY 2006
Appropriation	91.700	89.730	86.744
Recession	-0.541	-0.718	0.000
Total budgetary resources available for obligation	91.159	89.012	86.744
Current Year Obligations	89.629	89.012	86.744
Net Outlays	77.079	95.000	89.000

Special Defense Acquisition Fund (11X4116)
(\$ in millions)

	Actual FY 2004	Estimated FY 2005	Proposed FY 2006
Purchases of Equipment (Obligations)	0.000	0.000	0.000
Gross Budget Authority (a)	0.000	0.000	0.000
Offsetting Collections	-.010	0.000	0.000
Net Budget Authority	-.010	0.000	0.000
Financing Disbursements	.017	0.000	0.000
Offsetting Collections	-.010	0.000	0.000
Net Outlays	.007	0.000	0.000
Return of Unobligated Balances to the Treasury due to Program Cancellation (Excess Unobligated Balance) to Treasury account 1614, "Other Earnings from Business Operations and Revolving Funds"	10.000	10.000	6.000

(a) This represents the planned transfer of all collections "in excess of obligation authority provided in prior appropriations Acts" pursuant to P.L. 103-87, September 30, 1993, which means that all FY 1994 and later collections are first deposited into the SDAF appropriation, and later transferred to the Treasury Account, "Other Repayments of Investments and Recoveries," 2814. The return of capitalization does not affect the calculation of net outlay.

Foreign Military Financing Program/Grants

(\$ in millions)

Fiscal Year	Request		Authorized		Appropriated	
	Budget Authority	Program	Budget Authority	Program	Budget Authority	Program
1970	275.000	350.000	250.000	340.000	70.000	0.000
1971	772.500	885.000	750.000 (a)	840.000 (a)	700.000 (a)	0.000
1972	510.000	582.000	400.000	550.000	400.000	0.000
1973	527.000	629.000	400.000 (b)	550.000	400.000 (b)	0.000
1974	2,725.000	2,960.000	2,525.000 (c)	2,930.000 (c)	2,525.000 (c)	0.000
1975	555.000	872.000	405.000	872.500	300.000	0.000
1976 (d)	2,430.200	2,430.200	1,298.750	2,968.375	1,205.000	0.000
1977	2,179.600	2,179.600	740.000	2,022.100	740.000	0.000
1978	707.750	2,217.500	682.000	2,152.350	675.850	0.000
1979 (e)	1,042.500	5,767.500	1,044.300	6,155.500	1,024.500	0.000
1980	658.880 (f)	2,188.000 (f)	673.500	2,235.000	645.000 (b)	0.000
1981	734.000	2,840.000 (g)	500.000	3,116.000	500.000 (b)	3,046.187 (b)
1982	1,481.800	4,054.400	800.000	4,069.525	800.000	3,883.500
1983	950.000 (h)	5,273.300 (h)	800.000	4,169.525	1,175.000 (b)	5,106.500 (b)
1984	1,000.000	5,656.000	1,315.000	5,761.500	1,315.000 (b)	5,716.250 (b)
1985	5,100.000	5,100.000	(i)	(i)	4,939.500 (b)	4,939.500 (b)
1986	5,655.000	5,655.000	5,371.000	5,371.000	5,190.000	5,190.000 (j)
1987	5,861.000 (k)	5,661.000	(i)	(i)	4,053.441 (l)	4,053.441 (l)
1988	4,421.150	4,421.150	(m)	(m)	4,017.000 (n)	4,049.000
1989	4,460.000	4,460.000	(o)	(o)	4,272.750	4,272.750
1990	5,027.000	5,027.000	(p)	(p)	4,827.642	4,827.642 (q)
1991	5,016.900	5,016.900	(r)	(r)	4,663.421 (s)	4,663.421 (s)
1992	4,610.000	4,610.000	(t)	(t)	3,928.548 (u)	3,928.548 (u)
1993	4,099.225	4,099.225	(v)	(v)	3,245.414 (w)	3,245.414 (w)
1994	3,231.657	3,232.157	(x)	(x)	3,052.397 (x)	3,052.397 (x)
1995	3,130.858	3,130.858	(y)	(y)	3,151.279 (y)	3,151.279 (y)
1996	3,262.020	3,262.020	(z)	(z)	3,208.390 (z)	3,208.390 (z)
1996 Sup	70.000 (A)	70.000 (A)	(A)	(A)	70.000 (A)	70.000 (A)
1997	3,228.250	3,228.250	(B)	(B)	3,224.000 (B)	3,224.000 (B)
1998	3,274.250	3,274.250	(C)	(C)	3,296.550 (C)	3,296.550 (C)
1999	3,275.910	3,275.910	(D)	(D)	3,380.000 (D)	3,380.000 (D)
2000	3,430.000	3,430.000	(E)	(E)	4,819.994 (E)	4,819.994 (E)
2001	3,538.200	3,538.200	3,550.000	3,550.000	3,576.000 (F)	3,576.000 (F)
2002	3,674.000	3,674.000	3,627.000	3,627.000	3,650.000 (G)	3,695.000 (H)
2002 Sup	387.000	387.000	(I)	(I)	357.000 (I)	357.000 (I)
2003	4,107.200	4,107.200	4,107.200	4,107.200	4,072.000 (J)	4,072.000 (J)
2003 Sup	2,059.100	2,059.100	(K)	(K)	2,059.100 (K)	2,059.100 (K)
2004	4,414.000	4,414.000	(L)	(L)	4,337.182 (L)	4,337.182 (L)
2004 Sup	287.000	287.000	(M)	(M)	287.000 (M)	287.000 (M)
2005	4,957.500	4,957.500	(N)	(N)	4,783.500 (N)	4,783.500 (N)
2006	4,538.600	4,538.600				

NOTE: Military Assistance Program included Foreign Military Sales Financing program prior to FY 1969.

- (a) Includes \$500M for Israel authorized by P.L. 91-441 and appropriated by P.L. 91-665.
- (b) CRA limitation.
- (c) Includes \$2,200M for Emergency Security Assistance requested, authorized and appropriated for Israel.
- (d) Includes transitional quarter (FY 197T).
- (e) Includes \$2,200M supplemental program for Israel and a \$1,500M supplemental program for Egypt.
- (f) Includes a \$10M amendment for Sudan and \$15M for Oman.

- (g) Includes \$200M proposed budget amendment for Egypt.
- (h) Reflects the amended budget request but not the supplemental budget request for program increase of \$525M for guarantee loans.
- (i) Authorization waived in Continuing Resolution Authority (P.L. 98-473 for FY 1985, and P.L. 99-500 for FY 1987).
- (j) Reflects amounts appropriated under P.L. 99-190 (final CRA). Pursuant to P.L. 99-177 (Gramm-Rudman-Hollings), \$223.17M not available for obligation.
- (k) Includes a supplemental request of \$200M.
- (l) Includes \$4,040.441 authorized by P.L. 99-500 CRA limitation and \$13.000 authorized by P.L. 100-71.
- (m) Authorization waived in Continuing Resolution (P.L. 100-202).
- (n) P.L. 100-202 appropriated \$4,049M for FY 1988. Also included in the law was a \$32M rescission applicable to the FY 1985 and FY 1986 appropriation resulting in an adjusted appropriation of \$4,017M, as shown in the FY 1989 President's Budget.
- (o) Authorization waived in P.L. 100-461.
- (p) Authorization waived in P.L. 101-167.
- (q) Congress appropriated \$4,828.403M which was reduced by .43% for use in the control of illicit drugs. In addition, \$20M was transferred into the FMF account from the DOD budget (P.L. 101-165) resulting in \$4,827.641M available to the FMF program.
- (r) Authorization waived in P.L. 101-513.
- (s) P.L. 101-513 appropriated \$5,066.921M for FY 1991. Section 401(a) of P.L. 102-27 subsequently reduced that amount to \$4,663.421M.
- (t) Authorization waived in P.L. 102-109, P.L. 102-145, and P.L. 102-266.
- (u) P.L. 102-266 appropriated \$4,100M for FY 1992, reduced the amount appropriated by \$60.602M and provided for the transfer of \$63.75M of funds appropriated to the Demobilization and Transition Fund. P.L. 102-298 rescinded an additional \$47.100 of the FY 1992 appropriation for a net appropriation of \$3,928.548M.
- (v) Authorization waived in P.L. 102-391.
- (w) P.L. 102-391 appropriated \$3,300M for FY 1993, rescinded \$25.586M of prior year balance, and provided for the transfer of \$29M to the Demobilization and Transition Fund for a net budget authority of \$3,245.414M.
- (x) P.L. 103-87 appropriated \$3,149.279M, including deobligation/reobligation authority. The authorization was waived. During FY 1994, an Emergency Supplemental Appropriations Act was passed (P.L. 103-211) and it rescinded \$91.282M of FY 1993 and prior year balances. Subsequently, an additional \$5.6M was transferred to the IMET and Economic Support Fund accounts leaving a net appropriation of \$3,052.397M.
- (y) P.L. 103-306 appropriated \$3,151.279M for FY 1995. The Authorization was waived.
- (z) P.L. 104-107 appropriated \$3,208.390M for FY 1996. The Authorization was waived.
- (A) Pending FY 1996 FMF supplemental request of \$140M supports Jordan F-16 program; P.L. Appropriated \$70M for FY 1996. The Authorization was waived.
- (B) P.L. 104-208 appropriated \$3,224M for FY 1997. The Authorization was waived.
- (C) P.L. 105-118 appropriated \$3,296.55M for FY 1998. The Authorization was waived.
- (D) P.L. 105-277 appropriated \$3,380M for FY 1999 FMF Grants. The Authorization was waived.
- (E) P.L. 106-113 appropriated \$4,788.994M for FY 2000 FMF Grants. The Authorization was waived.
- (F) P.L. 106-429 appropriated \$3,576M for FY 2001 FMF Grants. P.L. 106-554 rescinded \$7.867M of the FMF appropriation.
- (G) P.L. 107-115 appropriated \$3,650M for FY 2002 FMF Grants.
- (H) Includes \$45M appropriated under P.L. 107-38, the Emergency Response Fund. The Authorization was waived.
- (I) P.L. 107-206 appropriated \$357M for FY 2002 Supplemental FMF Grants. The Authorization was waived.
- (J) P.L. 108-7 appropriated \$4,072M for FY 2003, of which \$26.468M was rescinded and \$93M was transferred to State for Colombia Andean Counter narcotics Initiative (ACI).
- (K) P.L. 108-11 appropriated \$2,059.1M for FY 2003 Supplemental, of which \$20M was transferred to State for Colombia Andean Counter narcotics Initiative (ACI). The Authorization was waived.
- (L) P.L. 108-199 appropriated \$4,294M for FY 2004, of which \$25,334M was rescinded and \$10.9M was transferred to State for Economic Support Fund (ESF) needs. Additionally, the account received \$.372M from USAID funds for Afghanistan and \$2.0M in deobligation/reobligation authority for Kenya and \$0.045M of funding from MAP sales. Includes \$77M appropriated under P.L. 107-38, the Emergency Response Fund, transferred to FMF in October 2003 for Afghanistan. The Authorization was waived.
- (M) P.L. 108-106 appropriated \$287M for FY 2004 Supplemental for Afghanistan. The Authorization was waived.
- (N) P.L. 108-447 appropriated \$4,783.5M for FY 2005, of which \$38.268M was rescinded. The Authorization was waived.

Foreign Military Financing
Direct Loan Financing Account – Total Program (11X4122)
(\$ in millions)

Fiscal Year	Request	Financing Authority
1992	313.961	345.000 (a)
1993	360.000	855.000 (b)
1994	855.000	769.500 (c)
1995	770.000	619.650 (d)
1996	765.000	544.000 (e)
1997	370.028	540.000 (f)
1998	699.500	200.000 (g)
1999	167.024	117.855 (h)
2000	0.000	0.000
2001	0.000	0.000
2002	0.000	0.000
2003	3,800.000	3,800.000 (i)
2004	550.000	550.000 (j)
2005	0.000	0.000
2006	0.000	0.000

- (a) Continuing Resolution Authority (P.L. 102-109 and P.L. 102-145).
- (b) P.L. 102-391 provides financing authority for direct loans of \$855M for FY 1993.
- (c) P.L. 103-87 provides financing authority for direct loans of \$769.5M for FY 1994.
- (d) P.L. 103-306 provides financing authority for direct loans of \$619.65M for FY 1995.
- (e) P.L. 104-107 provides financing authority for direct loans of \$544M for FY 1996.
- (f) P.L. 104-208 provides financing authority for direct loans of \$540M for FY 1997.
- (g) P.L. 105-118 provides financing authority for direct loans of \$200M for FY 1998.
- (h) P.L. 105-277 provides financing authority for direct loans of \$167M for FY 1999.
- (i) Continuing Resolution Authority (P.L. 107-229)
- (j) Continuing Resolution Authority (P.L. 108-84)

**Foreign Military Financing
Direct Loan Subsidy Element**
(\$ in millions)

Fiscal Year	Request	Appropriated
1992	57.490	50.148 (a)(b)
1993	63.332	149.200 (c)
1994	120.457	46.530 (d)
1995	59.598	47.917 (e)
1996	89.888	64.400 (f)
1997	40.000	60.000 (g)
1998	66.000	60.000 (h)
1999	20.000	20.000 (i)
2000	0.000	0.000
2001	0.000	0.000
2002	0.000	0.000
2003	0.000	0.000
2004	0.000	0.000
2005	0.000	0.000
2006	0.000	0.000

- (a) Authorization waived under P.L. 102-109 and P.L. 102-145.
- (b) P.L. 102-266 appropriated \$50.9M for FY 1992 and reduced the appropriation by \$.752M for a net availability of \$50.148M.
- (c) P.L. 102-391 appropriated \$149.2M for FY 1993. The Authorization was waived.
- (d) P.L. 103-87 appropriated \$46.53M for FY 1994. The Authorization was waived.
- (e) P.L. 103-306 appropriated \$47.917M for FY 1995. The Authorization was waived.
- (f) P.L. 104-107 appropriated \$64.4M for FY 1996. The Authorization was waived.
- (g) P.L. 104-208 appropriated \$60M for FY 1997. The Authorization was waived.
- (h) P.L. 105-118 appropriated \$60M for FY 1998. \$40M will be transferred to the FMF Grant Account. The Authorization was waived.
- (i) P.L. 105-277 appropriated \$20M for FY 1999. The Authorization was waived.

Military Assistance Program
(\$ in millions)

Fiscal Year	Request	Authorized	Appropriated
1950	1,400.000	1,314.000	1,314.000
1951	5,222.500	5,222.500	5,222.500
1952	6,303.000	5,997.600	5,744.000
1953	5,425.000	4,598.400	4,219.800
1954	4,274.500	3,681.500	3,230.000
1955	1,778.300	1,591.000	1,192.700
1956	1,959.200	1,450.200	1,022.200
1957	2,925.000	2,225.000	2,017.500
1958	1,900.000	1,600.000	1,340.000
1959	1,800.000	1,605.000	1,515.000
1960	1,600.000	1,400.000	1,300.000
1961	2,000.000	(a)	1,800.000
1962	1,885.000	1,700.000	1,600.000
1963	(b)	1,700.000	1,325.000
1964	1,405.000	1,000.000	1,000.000
1965 (c)	1,055.000	1,055.000	1,055.000
1966 (c)	1,170.000	1,170.000	1,170.000
1967	917.000	875.000	792.000
1968	620.100	510.000	500.000
1969	420.000	375.000	375.000
1970	425.000	350.000	350.000
1971	690.000	690.000	690.000
1972	705.000	500.000	500.000
1973	780.000	553.100 (d)	553.100 (d)
1974 (e)	685.000	512.500	450.000 (f)
1975 (g)	985.000	600.000	475.000
1976 (h)(i)	790.000	245.875	252.200
1977	279.000	235.800	264.550
1978	230.000	228.900	220.000 (j)
1979	133.500	133.500	83.375
1980 (c)	160.200 (k)	111.900 (l)	110.000 (d)
1981 (c)	104.400	106.100	110.200 (d)
1982 (c)(m)	131.400	231.400	171.412
1983 (c)	557.000 (n)	238.500 (o)	383.325 (d)
1984	747.000 (p)	639.700	711.750 (d)(q)
1985	924.500	(r)	805.100 (d)
1986 (c)	949.350	805.100	798.374 (s)(t)
1987 (c)	1,257.450 (u)	805.100	950.000
1988	1,329.800	(v)	700.750
1989	467.000	(w)	467.000 (x)
1990	40.432	(y)	(z)
1991	0.000	0.000	0.000
1992	0.000	0.000	-6.750 (D)
1993	0.000	0.000	-20.164 (E)
1994	-0.439 (F)	0.000	-0.439 (F)
1995	(L)		(L)

International Military Education & Training Program
(\$ in millions)

Fiscal Year	Request	Authorized	Appropriated
1976 (a)	37.000	33.750	28.750
1977	32.200	30.200	25.000
1978	35.000	31.000	30.000
1979	32.100	31.800	27.900
1980	32.900	31.800	25.000 (d)
1981	32.500	34.000	28.400 (d)
1982	42.000	42.000	42.000
1983	53.700 (o)	43.000	46.000
1984	56.532	56.452	51.532 (d)
1985	60.910	(r)	56.221 (d)
1986	65.650	56.221	54.490 (s)
1987	68.830	56.000	56.000
1988	56.000	(v)	47.400
1989	52.500	(w)	47.400
1990	54.500	(y)	47.196 (A)
1991	50.500	(B)	47.196
1992	52.500	(C)	47.196 (G)
1993	47.500	(H)	42.500 (I)
1994	42.500	(J)	22.250 (J)
1995	25.500	(K)	25.500 (K)
1996	39.781	(M)	39.000 (M)
1997	45.000	(N)	43.475 (N)
1998	50.000	(O)	50.000 (O)
1999	50.000	(P)	49.951 (P)
2000	50.000	(Q)	49.810 (Q)
2001	57.875	55.000	57.748 (R)
2002	70.000	65.000	70.000 (S)
2003	80.000	85.000	79.480 (T)
2004	91.700	(U)	91.159 (U)
2005	89.730	(V)	89.012 (V)
2006	86.744		

NOTE:

- (1) The Military Assistance Program included International Military Education and Training Program prior to FY1976.
- (2) The Administration has not proposed Military Assistance Programs subsequent to FY 1990.
- (a) The Mutual Security Act of 1959, P.L. 86-108, approved July 24, 1959, states "There is hereby authorized to be appropriated to the President for the fiscal year 1961 and 1962 such sums as may be necessary from time to time to carry out the purpose of this chapter, which sums shall remain available until expended."
- (b) Foreign Assistance Act of 1961 authorized \$1,700M; no executive branch request for authorization was required.
- (c) Does not include MAP drawdowns of \$75M in FY 1965 and \$300M in FY 1966, or Section 506(a) drawdowns of \$1M in FY 1980; \$26M in FY 1981; \$55M in FY 1982; \$25M in FY 1983; \$40M in FY 1986; and \$25M in FY 1987.
- (d) CRA limitation.

- (e) Includes funds requested separately for proposed International Military Education and Training Program finally authorized and appropriated as part of the Military Assistance Program. Does not include \$2,500M for Section 506 drawdown authority.
- (f) Includes \$5M transferred to AID.
- (g) Does not include \$75M for Section 506 drawdown authority.
- (h) Includes transitional quarter FY197T.
- (i) Does not include \$275M for Section 506 drawdown authority.
- (j) Includes \$40.2M subsequently rescinded.
- (k) Includes a \$50M supplemental for Turkey.
- (l) Includes a \$1.7M Senate supplemental for Sudan.
- (m) Does not include \$7.1M reimbursement for Section 506 drawdown authority.
- (n) Reflects the amended budget request but not the \$187M supplemental budget request.
- (o) Reflects initial budget request; excludes \$1M supplemental request.
- (p) Reflects initial budget request; excludes \$259.05M supplemental request for Central America.
- (q) Includes supplemental appropriation of \$201.75M for Central America.
- (r) Authorization waived in Continuing Resolution (P.L. 98-473).
- (s) Reflects amounts appropriated under P.L. 99-190 (final CRA). Pursuant to P.L. 99-177 (Gramm-Rudman-Hollings) \$33.626M of MAP and \$2.343M of IMET are not available for obligation.
- (t) Includes supplemental appropriation of \$50M for the Republic of the Philippines.
- (u) Includes a supplemental request of \$261M.
- (v) Authorization waived in Continuing Resolution (P.L. 100-202).
- (w) Authorization waived in P.L. 100-461.
- (x) P.L. 101-45 transferred \$2M to contributions for international peacekeeping activities (Budget Account 19-9-1124).
- (y) Authorization waived in P.L. 101-167.
- (z) Administrative costs formerly designated as MAP General Costs (1080 account) are included in the Foreign Military Financing Appropriation (1082 account) effective 1 October 1989.
- (A) Congress appropriated \$47.4M which was reduced by .43% for use in the control of illicit drugs, resulting in \$47.196M available to the IMET program.
- (B) Authorization waived in P.L. 101-513.
- (C) Authorization waived in P.L. 102-109 and P.L. 102-145.
- (D) P.L. 102-298 rescinded \$6.75M of prior year balances and \$5.76M of previously disbursed amounts.
- (E) P.L. 102-298 rescinded \$20.164M of prior year balances.
- (F) During FY 1994, P.L. 103-211, the FY 1994 Emergency Supplemental Appropriations Act, rescinded \$.439M of prior year appropriations.
- (G) P.L. 102-266 appropriated \$47.196M for FY 1992. P.L. 102-298 rescinded \$1.925M and P.L. 102-381 reduced it an additional \$.698M for a net availability of \$44.573M.
- (H) Authorization waived in P.L. 102-391.
- (I) P.L. 102-391 appropriated \$42.5M for FY 1993.
- (J) P.L. 103-87 appropriated \$21.25M for FY 1994. The Authorization was waived. During FY 1994, an additional \$1.M was transferred into IMET from FMF making a total of \$22.25M of appropriated funds available.
- (K) P.L. 103-306 appropriated \$25.5M for FY 1995. The Authorization was waived. Subsequent to the release of the President's FY 1996 Budget, \$.85M was transferred out of the PKO account and into the IMET account (\$.35M for Botswana and \$.5M for Senegal) to enhance PKO training.
- (L) MAP funds were cancelled in FY 1995 due to "M" year legislation. No new authorizations will be enacted for this account.
- (M) P.L. 104-107 appropriated \$39M for FY 1996. The Authorization was waived.
- (N) P.L. 104-208 appropriated \$43.475M for FY 1997. The Authorization was waived.
- (O) P.L. 105-118 appropriated \$50M for FY 1998. The Authorization was waived.

- (P) P.L. 105-277 appropriated \$50M for FY 1999. The Authorization was waived. P.L. 106-51 rescinded \$.041M. The Authorization was waived.
- (Q) P.L. 106-113 appropriated \$49.810M for FY 2000. The Authorization was waived.
- (R) P.L. 106-429 appropriated \$55M for FY 2001 and \$2.875M for an emergency supplemental in support of the Southeast Europe Initiative. P.L. 106-554 rescinded \$.127M.
- (S) P.L. 107-115 appropriated \$70M for FY 2002.
- (T) P.L. 108-7 appropriated \$80M for FY 2003, of which \$.52M was rescinded.
- (U) P.L. 108-199 appropriated \$91.7M of which \$.541 was rescinded. The Authorization was waived.
- (V) P.L. 108-447 appropriated \$89.73 of which \$.718 was rescinded. The Authorization was waived.

Peacekeeping Operations
(\$ in millions)

Fiscal Year	Request	Authorized	Appropriated
1979	(a)	30.900	27.400
1980	(a)	21.100	22.000 (b)
1981	25.000	25.000	25.000 (c)
1982	19.000	19.000	14.000 (d)
1983	43.474	19.000	31.100 (c)
1984	46.200	46.200	46.200 (c)
1985	49.000	(e)	44.000 (c)
1986	37.000	37.000	34.000 (f)
1987	39.000	37.000	31.689
1988	46.311	31.689	31.689
1989	41.689 (g)	41.689	41.689
1990	33.377	32.773	32.773
1991	32.800	32.800	32.800
1992	378.000 (h)	28.000	28.000 (c)
1993	27.166	27.166	27.166
1994	77.166	82.435 (i)	82.435 (i)
1995	75.000	75.000	75.000 (j)
1996	100.000	70.000	70.000
1997	70.000	65.000	65.000
1998	90.000	77.500	77.500
1999	83.000	76.500	76.500
2000	130,000	152.418	152.418 (k)
2001	134.000	127.000 (l)	126.382 (m)
2002	150.000	135.000	135.000
2003	108.250	115.000	214.252 (o)
2004	94.900	94.900	124.458 (p)
2005	104,000	179.000 (q)	
2006	195.800		

- (a) Executive Branch request included ESF and PKO in one account—Security Supporting Assistance (SSA).
- (b) CRA limitation (P.L. 96-123).
- (c) CRA limitation.
- (d) In addition, \$125M appropriated under CRA (P.L. 97-51) and authorized by P.L. 97-132 for the Multinational Force and Observers.
- (e) Authorization waived in Continuing Resolution (P.L. 98-473).
- (f) Reflects amount appropriated under P.L. 99-190 (final CRA). Pursuant to P.L. 99-177 (Gramm-Rudman-Hollings), \$1.462M of this amount is not available for obligation.
- (g) Includes \$10M transfer from DOD allocated to Department of State pursuant to P.L. 101-45 used for UN mineclearing operations in Afghanistan.
- (h) Reflects an amendment to the FY 1992 budget to provide the United States' share to initiate UN Peacekeeping activities in Cambodia and El Salvador, and for other peacekeeping requirements.
- (i) Includes appropriation of \$75.623M plus \$6.812M transferred from other accounts.

- (j) The President's FY 1996 Budget shows PKO Budget Authority of \$75M in FY 1995. Subsequent to the release of the President's Budget, \$.85M was transferred out of the PKO account and into the IMET account (\$.35M for Botswana and \$.5M for Senegal) to enhance PKO training.
- (k) Includes \$2.466M transferred to IO&P account for KEDO. Does not reflect \$.582M rescission under the Consolidated Appropriations Act, 2001 (P.L. 106-554).
- (l) Authorization waived according to Section 525, Foreign Operations, Export Financing, and Related Appropriations Act 2001, (P.L. 106-429).
- (m) Reflects rescission of the Consolidated Appropriations Act, 2001 (P.L. 106-554) and includes \$2.279M UN reimbursement.
- (n) Reflects Fy02 ERF and Supplemental Funds and \$620,000 UNAMSIL reimbursement.
- (o) Reflects FY03 Supplemental and 0.65% statutory reduction.
- (p) Reflects FY04 Supplemental and 0.59% statutory reduction.
- (q) Reflects \$75M in emergency funding for Sudan.

Foreign Military Loan Liquidating Account (11X4121)
(Formerly Guaranty Reserve Fund)
(\$ in millions)

Borrowing Authority – Permanent Indefinite Appropriation (a)

Fiscal Year	Request	Appropriated	Actual	Estimated
1985	274.000	109.000	0.000	
1988	0.000	532.000	0.000	
1989	0.000	0.000	452.065	
1990	0.000	0.000	731.510	
1991	0.000	0.000	127.014	
1992	0.000	0.000	0.000	
1993	0.000	0.000	62.678	
1994	0.000	0.000	49.608	
1995	0.000	0.000	39.300	
1996	0.000	0.000	23.577	
1997	10.599	0.000	16.500	
1998	28.000	0.000	28.000	
1999	31.000	0.000	37.500	
2000	35.000	0.000	38.000	
2001	31.000	0.000	58.000	
2002	27.000	0.000	27.000	
2003	25.500	0.000	25.500	
2004	40.000	0.000	40.000	
2005	8.000	0.000	7.500	
2006	5.000	0.000		5.000

(a) Use of borrowing from U.S. Treasury under authority of P.L. 100-202 in FY 1989, P.L. 101-167 in FY 1990, and P.L. 101-513 in FY 1991. Use of permanent indefinite appropriation authority in FY 1993 through FY 2001.

Economic Support Fund
(\$ in millions)

Fiscal Year	Request	Authorized	Appropriated
1964	435.000	380.000	330.000
1965	405.000	405.000	401.000
1966	764.000	684.000	684.000
1967	750.000	715.000	690.000
1968	720.000	660.000	600.000
1969	595.000	410.000	365.000
1970	515.000	414.600	395.000
1971	600.000	414.600	414.600
1972	800.000	618.000	550.000
1973	848.800	(a)	600.000 (a)
1974	732.000	629.000	611.500
1975	1,425.300	1,377.000	1,200.000
1976	1,923.300	1,856.200	1,739.900
1977	50.200	464.100 (b)	279.700 (b)
1977	1,893.500	1,895.000	1,757.700
1978	2,232.200	2,235.000 (c)	2,219.300 (c)
1979	2,204.400 (d)(e)	2,202.000	2,282.000
1980	2,115.100 (e)(f)	1,935.000	1,946.000 (g)
1981	2,030.500	2,065.300	2,104.500 (g)
1982	2,931.500	2,973.500	2,926.000
1983	2,886.000 (h)	2,873.500	2,962.250 (g)
1984	2,949.000 (i)	3,074.000	3,254.250 (g)(j)
1985	3,438.100	(k)	6,084.000 (l)
1986	4,024.000	3,800.000	3,800.000 (m)(n)
1987	4,390.800 (o)	(p)	3,600.000 (q)
1988	3,600.000 (r)	(p)	3,200.820 (r)
1989	3,281.000 (r)	(p)	3,258.500
1990	3,849.100 (s)	(p)	3,916.510 (t)
1991	3,358.000 (u)	(p)	3,175.000 (v)
1992	3,240.000 (w)	(p)	3,216.624 (g)
1993	3,123.000 (x)	(p)	2,670.000
1994	2,582.000	(p)	2,364.562
1995	2,434.500 (y)	(p)	2,368.600
1996	2,494.300 (z)	(p)	2,359.600
1997	2,408.000	(p)	2,362.600
1998	2,497.600	(p)	2,419.600
1999	2,513.600 (aa)	(p)	2,592.831 (bb)
2000	2,543.000 (cc)	(p)	2,782.187 (dd)
2001	2,363.000	(p)	2,314.896 (ee)
2002	2,289.000	(p)	2,824.000 (ff)
2003	2,490.000	(p)	4,802.082 (gg)
2004	2,535.000	(p)	3,288.162 (hh)
2005	2,520.000	(p)	2,480.992 (ii)
2006	3,036.375	(p)	

- (a) CRA level - \$618M. There was no authorization level in FY 1973.
- (b) Section 506 of the International Security Assistance and Arms Control Act of 1976, P.L. 94-329, quarter not to exceed one-fourth of the total amount authorized in that Act for FY 1976.
- (c) Includes \$300M for Portugal; also \$20M for Lebanon, authorized as Disaster Assistance, but appropriated in the Security Support Assistance (SSA) account.
- (d) Includes a \$300M supplemental for Egypt and \$100M for Turkey.
- (e) Executive Branch request included ESF and PKO in one account—Security Supporting Assistance (SSA).
- (f) Includes an \$80M supplemental for Central America.
- (g) CRA limitation.
- (h) Reflects initial budget request. Does not include the \$294.5M supplemental budget request.
- (i) Reflects initial budget request. Does not include the \$340.5M supplemental appropriation for Central America or the \$10M for Poland.
- (j) Includes supplemental appropriation (P.L. 98-332).
- (k) Authorization waived in Continuing Resolution Authority (P.L. 98-473 for FY 1985, and P.L. 99-500 for FY 1987).
- (l) Includes FY 1985 Supplemental of \$2,258M.
- (m) Reflects amounts appropriated under P.L. 99-190 (final CRA). Pursuant to P.L. 99-177 (Gramm-Rudman-Hollings), \$159.358M not available for obligation.
- (n) Includes \$100M supplemental for the Republic of the Philippines.
- (o) Includes a supplemental request of \$297M.
- (p) Authorization waived.
- (q) Includes \$50M deobligation/reobligation reappropriation.
- (r) Includes \$12.5M deobligation/reobligation reappropriation estimate.
- (s) Includes \$18M deobligation/reobligation reappropriation estimate and a \$500M supplemental for Panama.
- (t) Includes \$20M for Ireland (less \$.145M sequestration pursuant to P.L. 99-177), minus \$50M pursuant to P.L. 101-167 and \$755M supplemental (P.L. 101-302) for Panama, Nicaragua, Namibia, and South Africa
- (u) Includes \$14M reappropriation estimate.
- (v) Includes \$14M reappropriation estimate and \$30.2M transferred to other accounts. Includes \$20M for Ireland.
- (w) Includes \$12M reappropriation estimate.
- (x) Includes \$11M reappropriation estimate.
- (y) In 1995, the President's Budget did not request Economic Support Funds *per se*, but instead requested \$2,434M in democracy and peace activities.
- (z) The FY 1996 President's Budget includes a supplemental FY 1995 request of \$82.3M.
- (aa) Includes supplemental requests of \$200M for West Bank/Gaza; \$50M for Jordan-Wye; \$105M for Kosovo.
- (bb) Net of rescission enacted by the Emergency Steel Loan Guarantee and Emergency Oil and Gas Guarantee Act of 1999 (P.L. 106-51). Net of rescission and inclusive of supplemental funding for emergency security, Kosovo, and Jordan enacted under the 1999 emergency supplemental appropriations acts.
- (cc) Includes \$150M supplemental request for Wye River Agreement.
- (dd) Net of .38% rescission of Miscellaneous Appropriations Act enacted by reference in P.L. 106-113. Also reflects rescission of \$10M pursuant to P.L. 107-20.
- (ee) Net of rescission of Consolidated Appropriations Act, 2001 (P.L. 106-554)
- (ff) Includes \$600M appropriated under P.L. 107-38, the Emergency Response Fund

(gg) Net of 0.65% rescission of Consolidated Appropriations Resolution, 2003 (P.L. 108-7). Includes \$2.422 billion in emergency supplemental appropriations and \$100 million reimbursement from the Iraq Relief and Reconstruction Fund.

(hh) Net of 0.59% rescission of Consolidated Appropriations Act, 2004 (P.L. 108-199). Includes \$872 million in emergency supplemental appropriations, \$100 million mandatory transfer from the Iraq Relief and Reconstruction Fund, \$153 million transfer from the Emergency Response Fund, and \$24.853 million transfer from the FY 2004 IO&P account.

(ii) Net of 0.8% rescission of Consolidated Appropriations Act, 2005 (P.L. 108-447).

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**FY 2006 Congressional Budget Justification
P.L. 480 Title II - Dollars (Thousands)**

Region/Country	FY 2004 Final Program Levels					FY 2005 Estimate a/					FY 2006 Congressional Budget Request				
	Total	Transport	Commodity b/			Total	Transport	Commodity b/			Total	Transport	Commodity b/		
			PVO/CDO	WFP c/	IEFR d/			PVO/CDO	WFP c/	IEFR d/			PVO/CDO	WFP c/	IEFR d/
ASIA/NEAR EAST	150,284	48,496	51,145	11,190	39,453	108,778	36,997	59,925	11,856	0	111,941	38,060	73,881	0	0
Afghanistan*	85	85	0	0	0	24,030	14,509	0	9,521	0	0	0	0	0	0
Algeria*	931	281	0	650	0	0	0	0	0	0	0	0	0	0	0
Bangladesh*	33,451	10,380	18,166	1,791	3,114	22,842	6,370	16,472	0	0	50,751	17,255	33,496	0	0
Cambodia	703	244	0	459	0	0	0	0	0	0	0	0	0	0	0
East Timor*	669	349	0	0	320	0	0	0	0	0	0	0	0	0	0
Egypt	2,345	705	0	1,640	0	0	0	0	0	0	0	0	0	0	0
India	40,869	10,072	30,797	0	0	49,006	11,640	37,366	0	0	43,000	14,620	28,380	0	0
Indonesia*	3,315	1,133	2,182	0	0	11,900	4,096	6,087	1,717	0	18,190	6,185	12,005	0	0
Iraq*	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Laos	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Nepal*	0	0	0	0	0	1,000	382	0	618	0	0	0	0	0	0
North Korea* (DPRK)	45,704	16,455	0	0	29,249	0	0	0	0	0	0	0	0	0	0
Pakistan*	13,067	4,683	0	3,938	4,446	0	0	0	0	0	0	0	0	0	0
Sri Lanka*	4,190	1,478	0	2,712	0	0	0	0	0	0	0	0	0	0	0
Yemen	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
West Bank/Gaza*	4,955	2,631	0	0	2,324	0	0	0	0	0	0	0	0	0	0
EUROPE & EURASIA	17,987	9,337	0	6,217	2,433	15,458	5,722	7,323	2,413	0	10,374	3,527	6,847	0	0
Armenia*	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Azerbaijan*	2,883	1,379	0	1,504	0	0	0	0	0	0	0	0	0	0	0
Georgia*	2,974	1,404	0	1,570	0	0	0	0	0	0	0	0	0	0	0
Russia*	5,121	2,688	0	0	2,433	0	0	0	0	0	0	0	0	0	0
Tajikistan*	7,009	3,866	0	3,143	0	15,458	5,722	7,323	2,413	0	10,374	3,527	6,847	0	0
LATIN AMERICA	106,463	33,475	68,943	3,691	354	108,462	33,105	72,690	1,343	1,324	113,159	38,475	74,684	0	0
Bolivia	22,276	10,037	12,239	0	0	16,802	7,351	9,451	0	0	24,664	8,386	16,278	0	0
El Salvador*	630	281	0	349	0	0	0	0	0	0	0	0	0	0	0
Guatemala*	14,723	3,429	10,731	563	0	18,033	3,306	14,450	277	0	16,306	5,544	10,762	0	0
Haiti*	30,470	10,719	18,426	971	354	37,703	13,048	23,331	0	1,324	32,529	11,060	21,469	0	0
Honduras*	7,450	2,736	3,347	1,367	0	14,009	4,639	8,574	796	0	14,187	4,824	9,363	0	0
Nicaragua*	7,046	2,351	4,254	441	0	8,994	3,083	5,641	270	0	12,228	4,158	8,070	0	0
Peru	23,868	3,922	19,946	0	0	12,921	1,678	11,243	0	0	13,245	4,503	8,742	0	0
AFRICA	1,187,935	673,317	231,800	99,805	183,013	433,915	229,370	141,780	31,951	30,814	228,790	77,789	151,001	0	0
Angola*	68,395	46,735	6,742	14,918	0	33,252	21,065	8,063	4,124	0	10,000	3,400	6,600	0	0
Benin	4,701	1,664	3,037	0	0	2,668	875	1,793	0	0	3,067	1,043	2,024	0	0
Burkina Faso	8,812	3,699	5,113	0	0	13,337	5,556	7,781	0	0	14,646	4,980	9,666	0	0
Burundi*	19,881	12,075	0	7,806	0	7,923	4,889	0	3,034	0	0	0	0	0	0
Cameroon	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Cape Verde	4,362	1,845	2,517	0	0	4,154	1,751	2,403	0	0	4,189	1,424	2,765	0	0
Central African Republic (CAR)*	996	601	0	395	0	0	0	0	0	0	0	0	0	0	0
Chad*	18,103	1,905	11,208	390	4,600	15,541	11,165	1,313	0	3,063	2,397	815	1,582	0	0
Congo-Brazzaville*	0	0	0	0	0	618	190	0	428	0	0	0	0	0	0

**FY 2006 Congressional Budget Justification
P.L. 480 Title II - Dollars (Thousands)**

	FY 2004 Final Program Levels					FY 2005 Estimate a/					FY 2006 Congressional Budget Request				
Congo-Democratic Republic*	30,813	19,699	0	11,114	0	1,863	1,187	0	676	0	8,000	2,720	5,280	0	0
Cote D'Ivoire*	7,632	4,463	0	0	3,169	0	0	0	0	0	0	0	0	0	0
Djibouti*	994	541	0	453	0	0	0	0	0	0	0	0	0	0	0
Eritrea*	64,584	31,108	18,917	2,632	11,927	35,328	11,327	23,167	834	0	13,137	4,467	8,670	0	0
Ethiopia*	271,024	131,292	83,892	2,085	53,755	50,333	23,943	18,070	8,320	0	22,027	7,489	14,538	0	0
Gambia*	485	165	0	320	0	0	0	0	0	0	0	0	0	0	0
Ghana	17,663	5,763	11,406	494	0	18,206	6,150	12,056	0	0	22,421	7,623	14,798	0	0
Guinea*	10,688	3,956	4,038	2,694	0	7,180	1,534	5,133	513	0	3,500	1,190	2,310	0	0
Guinea Bissau*	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Kenya*	41,342	19,252	6,455	6,309	9,326	21,736	10,518	5,246	722	5,250	11,657	3,963	7,694	0	0
Lesotho	1,339	774	0	565	0	0	0	0	0	0	0	0	0	0	0
Liberia*	21,532	12,146	638	8,748	0	5,452	3,218	0	2,234	0	0	0	0	0	0
Madagascar*	12,477	3,484	7,852	352	789	11,607	2,697	8,910	0	0	15,719	5,344	10,375	0	0
Malawi*	6,722	2,821	3,901	0	0	7,229	3,002	4,227	0	0	14,455	4,915	9,540	0	0
Mauritania*	8,486	3,639	2,439	0	2,408	3,490	1,194	2,296	0	0	4,013	1,364	2,649	0	0
Mozambique	19,751	7,067	11,404	1,280	0	17,970	5,576	12,394	0	0	18,916	6,431	12,485	0	0
Niger	8,160	3,403	4,757	0	0	4,916	2,213	2,703	0	0	5,654	1,922	3,732	0	0
Regional W. Africa	2,651	488	2,163	0	0	1,506	285	1,221	0	0	1,934	658	1,276	0	0
Rwanda*	14,579	7,314	4,563	2,702	0	11,373	4,331	6,214	828	0	14,314	4,867	9,447	0	0
Senegal*	275	275	0	0	0	2,363	790	1,573	0	0	3,161	1,075	2,086	0	0
Sierra Leone*	12,953	6,776	2,542	3,635	0	6,644	2,490	3,641	513	0	8,455	2,875	5,580	0	0
Somalia*	22,836	15,372	2,555	4,909	0	9,361	6,617	1,205	1,539	0	0	0	0	0	0
Southern Africa (crisis response)*	129,154	78,663	20,817	0	29,674	389	165	0	224	0	0	0	0	0	0
Sudan*	265,368	194,907	4,971	0	65,490	104,323	79,070	1,201	1,551	22,501	0	0	0	0	0
Tanzania*	18,189	11,814	0	4,500	1,875	3,548	2,394	0	1,154	0	0	0	0	0	0
Uganda*	69,880	37,721	8,655	23,504	0	28,560	13,288	10,015	5,257	0	16,947	5,762	11,185	0	0
Zambia	3,108	1,890	1,218	0	0	3,045	1,890	1,155	0	0	10,181	3,462	6,719	0	0
Prepositioned Stocks*	20,424	0	20,424	0	0	0	0	0	0	0	0	0	0	0	0
WORLDWIDE TOTAL	1,483,093	764,625	372,312	120,903	225,253	666,613	305,194	281,718	47,563	32,138	464,264	157,851	306,413	0	0
* Includes emergency program. Emergency levels are detailed in separate table (EMERGENCY PROGRAMS) below.															
EMERGENCY PROGRAMS															
ASIA/NEAR EAST	70,698	25,080	3,455	2,710	39,453	28,323	16,467	0	11,856	0	0	0	0	0	0
Afghanistan	85	85	0	0	0	24,030	14,509	0	9,521	0	0	0	0	0	0
Algeria	931	281	0	650	0	0	0	0	0	0	0	0	0	0	0
Bangladesh	6,569	0	3,455	0	3,114	0	0	0	0	0	0	0	0	0	0
East Timor	669	349	0	0	320	0	0	0	0	0	0	0	0	0	0
Indonesia	0	0	0	0	0	3,293	1,576	0	1,717	0	0	0	0	0	0
Iraq	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Nepal	0	0	0	0	0	1,000	382	0	618	0	0	0	0	0	0
North Korea (DPRK)	45,704	16,455	0	0	29,249	0	0	0	0	0	0	0	0	0	0
Pakistan	8,511	4,065	0	0	4,446	0	0	0	0	0	0	0	0	0	0
Sri Lanka	3,274	1,214	0	2,060	0	0	0	0	0	0	0	0	0	0	0
West Bank/Gaza	4,955	2,631	0	0	2,324	0	0	0	0	0	0	0	0	0	0

**FY 2006 Congressional Budget Justification
P.L. 480 Title II - Dollars (Thousands)**

	FY 2004 Final Program Levels					FY 2005 Estimate a/					FY 2006 Congressional Budget Request				
EUROPE & EURASIA	17,687	9,037	0	6,217	2,433	5,025	2,612	0	2,413	0	0	0	0	0	
Armenia	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Azerbaijan	2,883	1,379	0	1,504	0	0	0	0	0	0	0	0	0	0	
Georgia	2,974	1,404	0	1,570	0	0	0	0	0	0	0	0	0	0	
Russia	5,121	2,688	0	0	2,433	0	0	0	0	0	0	0	0	0	
Tajikistan	6,709	3,566	0	3,143	0	5,025	2,612	0	2,413	0	0	0	0	0	
LATIN AMERICA	6,410	3,142	1,007	1,907	354	5,318	2,651	0	1,343	1,324	0	0	0	0	
El Salvador	630	281	0	349	0	0	0	0	0	0	0	0	0	0	
Guatemala	1,000	437	0	563	0	492	215	0	277	0	0	0	0	0	
Haiti	2,877	1,516	1,007	0	354	3,193	1,869	0	0	1,324	0	0	0	0	
Honduras	1,106	552	0	554	0	1,280	484	0	796	0	0	0	0	0	
Nicaragua	797	356	0	441	0	353	83	0	270	0	0	0	0	0	
AFRICA	1,003,627	595,873	129,610	95,131	183,013	244,476	158,632	23,079	31,951	30,814	0	0	0	0	
Angola	59,895	38,235	6,742	14,918	0	25,175	15,730	5,321	4,124	0	0	0	0	0	
Burundi	19,881	12,075	0	7,806	0	7,923	4,889	0	3,034	0	0	0	0	0	
Central African Republic	996	601	0	395	0	0	0	0	0	0	0	0	0	0	
Chad	14,532	0	9,932	0	4,600	12,616	9,553	0	0	3,063	0	0	0	0	
Congo-Brazzaville	0	0	0	0	0	618	190	0	428	0	0	0	0	0	
Congo-Democratic Republic	30,813	19,699	0	11,114	0	1,863	1,187	0	676	0	0	0	0	0	
Cote D'Ivoire	7,632	4,463	0	0	3,169	0	0	0	0	0	0	0	0	0	
Djibouti	994	541	0	453	0	0	0	0	0	0	0	0	0	0	
Eritrea	58,276	28,716	15,001	2,632	11,927	16,347	5,431	10,082	834	0	0	0	0	0	
Ethiopia	242,592	117,798	68,954	2,085	53,755	27,026	13,436	5,270	8,320	0	0	0	0	0	
Gambia	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Guinea	5,505	3,019	0	2,486	0	1,206	693	0	513	0	0	0	0	0	
Guinea Bissau	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Kenya	30,955	15,320	0	6,309	9,326	13,674	7,702	0	722	5,250	0	0	0	0	
Liberia	21,532	12,146	638	8,748	0	5,452	3,218	0	2,234	0	0	0	0	0	
Madagascar	1,498	709	0	0	789	0	0	0	0	0	0	0	0	0	
Mauritania	4,809	2,401	0	0	2,408	0	0	0	0	0	0	0	0	0	
Rwanda	6,279	3,853	0	2,426	0	2,055	1,227	0	828	0	0	0	0	0	
Senegal	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Sierra Leone	6,630	3,784	0	2,846	0	1,059	546	0	513	0	0	0	0	0	
Somalia	22,836	15,372	2,555	4,909	0	9,361	6,617	1,205	1,539	0	0	0	0	0	
Southern Africa (crisis response)	129,154	78,663	20,817	0	29,674	389	165	0	224	0	0	0	0	0	
Sudan	265,368	194,907	4,971	0	65,490	104,323	79,070	1,201	1,551	22,501	0	0	0	0	
Tanzania	18,189	11,814	0	4,500	1,875	3,548	2,394	0	1,154	0	0	0	0	0	
Uganda	55,261	31,757	0	23,504	0	11,841	6,584	0	5,257	0	0	0	0	0	
Prepositioned Stocks	20,424	0	20,424	0	0	0	0	0	0	0	0	0	0	0	
Worldwide Emergency Total	1,118,846	633,132	154,496	105,965	225,253	283,142	180,362	23,079	47,563	32,138	0	0	0	0	

**FY 2006 Congressional Budget Justification
P.L. 480 Title II - Dollars (Thousands)**

WORLDWIDE	<u>1,483,093</u>	<u>764,625</u>	<u>372,312</u>	<u>120,903</u>	<u>225,253</u>	<u>666,613</u>	<u>305,194</u>	<u>281,718</u>	<u>47,563</u>	<u>32,138</u>	<u>464,264</u>	<u>157,851</u>	<u>306,413</u>	<u>0</u>	<u>0</u>
Regular	364,247	131,493	217,816	14,938	0	383,471	124,832	258,639	0	0	464,264	157,851	306,413	0	0
Emergency	1,118,846	633,132	154,496	105,965	225,253	283,142	180,362	23,079	47,563	32,138	0	0	0	0	0
ASIA/NEAR EAST	<u>150,284</u>	<u>48,496</u>	<u>51,145</u>	<u>11,190</u>	<u>39,453</u>	<u>108,778</u>	<u>36,997</u>	<u>59,925</u>	<u>11,856</u>	<u>0</u>	<u>111,941</u>	<u>38,060</u>	<u>73,881</u>	<u>0</u>	<u>0</u>
Regular	79,586	23,416	47,690	8,480	0	80,455	20,530	59,925	0	0	111,941	38,060	73,881	0	0
Emergency	70,698	25,080	3,455	2,710	39,453	28,323	16,467	0	11,856	0	0	0	0	0	0
EUROPE & EURASIA	<u>17,987</u>	<u>9,037</u>	<u>0</u>	<u>6,217</u>	<u>2,433</u>	<u>15,458</u>	<u>5,722</u>	<u>7,323</u>	<u>2,413</u>	<u>0</u>	<u>10,374</u>	<u>3,527</u>	<u>6,847</u>	<u>0</u>	<u>0</u>
Regular	300	300	0	0	0	10,433	3,110	7,323	0	0	10,374	3,527	6,847	0	0
Emergency	17,687	9,037	0	6,217	2,433	5,025	2,612	0	2,413	0	0	0	0	0	0
LATIN AMERICA	<u>106,463</u>	<u>33,475</u>	<u>68,943</u>	<u>3,691</u>	<u>354</u>	<u>108,462</u>	<u>33,105</u>	<u>72,690</u>	<u>1,343</u>	<u>1,324</u>	<u>113,159</u>	<u>38,475</u>	<u>74,684</u>	<u>0</u>	<u>0</u>
Regular	100,053	30,333	67,936	1,784	0	103,144	30,454	72,690	0	0	113,159	38,475	74,684	0	0
Emergency	6,410	3,142	1,007	1,907	354	5,318	2,651	0	1,343	1,324	0	0	0	0	0
AFRICA	<u>1,187,935</u>	<u>673,317</u>	<u>231,800</u>	<u>99,805</u>	<u>183,013</u>	<u>433,915</u>	<u>229,370</u>	<u>141,780</u>	<u>31,951</u>	<u>30,814</u>	<u>228,790</u>	<u>77,789</u>	<u>151,001</u>	<u>0</u>	<u>0</u>
Regular	184,308	77,444	102,190	4,674	0	189,439	70,738	118,701	0	0	228,790	77,789	151,001	0	0
Emergency	1,003,627	595,873	129,610	95,131	183,013	244,476	158,632	23,079	31,951	30,814	0	0	0	0	0
Prepositioned Stocks	20,424	0	20,424	0	0	0	0	0	0	0	0	0	0	0	0
UNALLOCATED BALANCE:															
Total	0					<u>402,928</u>					<u>316,236</u>				
WFP Pledge & Multilateral	0					45,000					175,000				
Emergency & WFP PRROs e/	0					357,928					141,236				
Total Adjustments:	<u>-298,126</u>					<u>103,500</u>					<u>104,500</u>				
Section 202(e) f/	83,816					82,000					83,000				
Farmer-to-Farmer (FTF) g/	10,000					10,000					10,000				
Intern. Food Relief Partn. Act	4,933					5,000					5,000				
Administrative support	6,234					6,500					6,500				
Prior Year Recoveries and other adjustments h/	(347,928)					10,000					0				
Carry-Out (estimated)	30,000					20,000					20,000				
Carry-In	(85,181)					(30,000)					(20,000)				
PROGRAM TOTAL i/	<u>1,184,967</u>					<u>1,173,041</u>					<u>885,000</u>				

N.B. The FY 2003 Bill Emerson Humanitarian Trust (BEHT) approved program level of \$258,317,900 is not included in the total PL 480 Title II Iraq, Ethiopia and Southern Africa program levels.

a/ Individual country levels represent the approvals in the Food for Peace Information System (FFPIS) as of Dec 1, 2004; in total they correspond to the FY 2005 Budget Justification level.

Country levels may be adjusted throughout the fiscal year where approved levels are increased from the unallocated balance.

b/ Based on seasonal estimated average prices provided by USDA/FAS Sept 2004.

c/ USAID approves World Food Program (WFP) distribution to assure compliance with all laws and provides broad financial overview to ensure U.S. funds are appropriately accounted for. A WFP Pledge of \$200 million is included for FY 2003 and FY 2004 (includes 202(e) and multi-lateral), to support development and protracted relief and recovery operations (PRRO) under the United States Government's annual pledge.

d/ International Emergency Food Reserve (IEFR), implemented by WFP.

e/ WFP PRROs may be attributed to non-emergency activities.

f/ Includes \$6 million WFP cash grant formerly managed by the State Department's International Organization Affairs Bureau.

g/ This figure includes the Title II portion of the Farmer-to-Farmer (FTF) P.L. 480 contribution.

h/ Prior year recoveries also include confirmed fallout, commodity cost savings, and Maritime Administration reimbursements for cargo preference premiums, which were significant in FY 2004 because of a backlog of collections from FY 1995. Adjustments include Title II paybacks to OMB for Bill Emerson Humanitarian Trust for \$10 million in FY 2004 and FY 2005.

i/ Includes \$248 million of emergency spending authority and \$300 million supplemental in FY 2003 for Iraq and Eastern/Southern Africa emergencies.

Country/Account Summaries ('Spigots')
FY 2004
(\$ in thousands)

Countries/Accounts	CSH	DA	ESF	FMF	FSA	GHAI	IMET	INCLE	ACI	MRA	NADR	PKO	SEED	Other	Total
Africa															
Africa Regional	23,027	45,707	-	-	-	-	-	2,830	-	-	-	9,761	-	-	81,325
Africa Regional Fund	-	-	11,929	-	-	-	-	-	-	-	-	-	-	-	11,929
African Contingency Operations Training and Assistance	-	-	-	-	-	-	-	-	-	-	-	15,410	-	-	15,410
African Development Bank	-	-	-	-	-	-	-	-	-	-	-	-	-	5,075	5,075
African Development Foundation	-	-	-	-	-	-	-	-	-	-	-	-	-	18,579	18,579
African Development Fund	-	-	-	-	-	-	-	-	-	-	-	-	-	112,060	112,060
Angola	8,100	6,171	3,479	-	-	-	300	-	-	-	5,300	-	-	-	23,350
ATA Regional - Africa	-	-	-	-	-	-	-	-	-	-	10,718	-	-	-	10,718
Benin	7,550	8,209	-	-	-	-	-	-	-	-	-	-	-	2,622	18,381
Botswana	-	-	-	500	-	8,806	922	-	-	-	-	-	-	1,430	11,658
Burkina Faso	-	-	-	-	-	-	115	-	-	-	-	-	-	2,719	2,834
Burundi	700	2,270	3,479	-	-	-	-	-	-	-	-	-	-	-	6,449
Cameroon	-	-	-	-	-	-	361	-	-	-	-	-	-	3,142	3,503
Cape Verde	-	-	-	-	-	-	200	-	-	-	-	-	-	1,519	1,719
Central Africa Regional	-	16,000	-	-	-	-	-	-	-	-	-	-	-	-	16,000
Chad	-	-	-	-	-	-	574	-	-	-	950	-	-	1,569	3,093
Comoros	-	-	-	-	-	-	121	-	-	-	-	-	-	-	121
Cote d'Ivoire	-	-	-	-	-	7,523	-	-	-	-	-	-	-	-	7,523
Democratic Republic of Congo	22,404	12,699	4,971	-	-	-	332	-	-	-	-	-	-	-	40,406
Djibouti	-	-	-	6,378	-	-	406	-	-	-	271	-	-	-	7,055
Eritrea	5,000	1,739	-	-	-	-	42	-	-	-	1,452	-	-	-	8,233
Ethiopia	33,600	18,426	3,971	2,480	-	15,231	542	-	-	-	-	-	-	-	74,250
Gabon	-	-	-	-	-	-	283	-	-	-	-	-	-	2,372	2,655
Gambia	-	-	-	-	-	-	183	-	-	-	-	-	-	1,936	2,119
Ghana	18,620	18,645	-	737	-	-	921	-	-	-	-	-	-	2,545	41,468
Guinea	6,350	12,505	-	-	-	-	482	-	-	-	-	-	-	2,543	21,880
Kenya	34,877	12,001	7,953	6,635	-	34,631	638	-	-	-	1,488	-	-	2,937	101,160
Kimberley Process	-	-	1,491	-	-	-	-	-	-	-	-	-	-	-	1,491
Lesotho	-	-	-	-	-	-	-	-	-	-	-	-	-	2,282	2,282
Liberia	2,819	-	-	-	-	-	-	-	-	-	160	-	-	200,000	202,979
Madagascar	10,365	10,378	-	-	-	-	333	-	-	-	-	-	-	2,203	23,279
Malawi	19,800	12,441	-	-	-	-	415	-	-	-	-	-	-	2,173	34,829
Mali	14,200	25,267	-	-	-	-	-	-	-	-	-	-	-	3,573	43,040
Mauritania	-	-	-	-	-	-	234	-	-	-	-	-	-	1,840	2,074
Mauritius	-	-	-	-	-	-	144	-	-	-	-	-	-	-	144
Military Health Affairs	-	-	-	1,490	-	-	-	-	-	-	-	-	-	-	1,490
Mozambique	20,380	24,572	-	-	-	11,083	243	-	-	-	1,492	-	-	2,092	59,862
MRA Africa	-	-	-	-	-	-	-	-	-	226,387	-	-	-	-	226,387
Namibia	3,965	6,631	-	-	-	14,147	-	-	-	-	-	-	-	2,092	26,835
NED Democracy Programs - AF	-	-	2,982	-	-	-	-	-	-	-	-	-	-	-	2,982
Niger	-	-	-	-	-	-	-	-	-	-	-	-	-	2,735	2,735
Nigeria	32,208	15,396	4,971	-	-	25,415	-	2,250	-	-	-	-	-	-	80,240
REDSO/ESA	12,500	22,977	-	-	-	-	-	-	-	-	-	-	-	-	35,477

Country/Account Summaries ('Spigots')
FY 2004
(\$ in thousands)

Countries/Accounts	CSH	DA	ESF	FMF	FSA	GHAI	IMET	INCLE	ACI	MRA	NADR	PKO	SEED	Other	Total
Regional Center for Southern Africa	5,950	18,921	-	-	-	-	-	-	-	-	-	-	-	-	24,871
Regional Organizations	-	-	2,982	-	-	-	-	-	-	-	-	-	-	-	2,982
Republic of the Congo	-	-	-	-	-	-	27	-	-	-	-	-	-	-	27
Rwanda	13,300	5,871	-	-	-	16,382	298	-	-	-	-	-	-	-	35,851
Safe Skies	-	-	4,971	-	-	-	-	-	-	-	-	-	-	-	4,971
Sao Tome and Principe	-	-	-	-	-	-	188	-	-	-	50	-	-	-	238
Senegal	14,675	13,896	-	737	-	-	1,188	-	-	-	112	-	-	3,448	34,056
Seychelles	-	-	-	-	-	-	98	-	-	-	-	-	-	-	98
Sierra Leone	100	3,685	4,971	-	-	-	416	-	-	-	-	-	-	-	9,172
Somalia	100	899	-	-	-	-	-	-	-	-	-	-	-	-	999
South Africa	31,028	29,398	1,988	-	-	31,787	-	1,770	-	-	-	-	-	3,114	99,085
Sudan	11,500	50,263	10,941	-	-	-	-	-	-	-	2,858	5,000	-	90,000	170,562
Swaziland	-	-	-	-	-	-	131	-	-	-	-	-	-	1,574	1,705
Tanzania	23,000	7,523	-	-	-	25,027	-	-	-	-	844	-	-	2,545	58,939
Togo	-	-	-	-	-	-	204	-	-	-	-	-	-	2,489	2,693
Uganda	36,020	28,176	-	1,990	-	44,598	371	-	-	-	150	-	-	1,535	112,840
West Africa Regional	19,300	20,489	-	-	-	-	-	-	-	-	-	-	-	-	39,789
Zambia	34,801	14,186	-	-	-	29,210	461	-	-	-	-	-	-	3,421	82,079
Zimbabwe	11,100	1,375	2,982	-	-	-	-	-	-	-	-	-	-	-	15,457
Total Africa	477,339	466,716	74,061	20,947	-	263,840	11,173	6,850	-	226,387	25,845	30,171	-	488,164	2,091,493
East Asia and the Pacific															
ASEAN	-	-	994	-	-	-	-	-	-	-	-	-	-	-	994
ATA Regional - East Asia and the Pacific	-	-	-	-	-	-	-	-	-	-	8,707	-	-	-	8,707
Burma	-	-	12,923	-	-	-	-	-	-	-	-	-	-	-	12,923
Cambodia	29,360	2,750	16,900	-	-	-	-	-	-	-	3,916	-	-	-	52,926
China	-	-	-	-	-	-	-	-	-	-	-	-	-	863	863
East Timor	-	-	22,367	2,420	-	-	159	-	-	-	-	1,050	-	1,320	27,316
Environmental Programs	-	-	1,740	-	-	-	-	-	-	-	-	-	-	-	1,740
Fiji	-	-	-	-	-	-	229	-	-	-	-	-	-	1,439	1,668
Indonesia	33,000	33,291	49,705	-	-	-	599	-	-	-	5,998	-	-	-	122,593
Kiribati	-	-	-	-	-	-	-	-	-	-	-	-	-	1,322	1,322
Laos	-	-	-	-	-	-	-	2,000	-	-	1,412	-	-	-	3,412
Malaysia	-	-	-	-	-	-	939	-	-	-	230	-	-	-	1,169
Micronesia	-	-	-	-	-	-	-	-	-	-	-	-	-	1,963	1,963
Mongolia	-	-	9,941	995	-	-	872	-	-	-	-	1,000	-	1,646	14,454
MRA East Asia	-	-	-	-	-	-	-	-	-	20,404	-	-	-	-	20,404
NED Democracy Programs - EAP	-	-	2,982	-	-	-	-	-	-	-	-	-	-	-	2,982
Papua New Guinea	-	-	-	-	-	-	292	-	-	-	-	-	-	-	292
Philippines	28,850	21,568	17,645	19,880	-	-	2,700	2,000	-	-	750	15,000	-	2,774	111,167
Regional Development Mission / Asia	17,073	9,200	-	-	-	-	-	-	-	-	-	-	-	-	26,273
Regional Women's Issues	-	-	1,988	-	-	-	-	-	-	-	-	-	-	-	1,988
Samoa	-	-	-	-	-	-	-	-	-	-	-	-	-	1,293	1,293
Singapore	-	-	-	-	-	-	-	-	-	-	430	-	-	-	430
Solomon Islands	-	-	-	-	-	-	45	-	-	-	-	-	-	27	72
South Pacific Fisheries	-	-	17,894	-	-	-	-	-	-	-	-	-	-	-	17,894

Country/Account Summaries ('Spigots')
FY 2004
(\$ in thousands)

Countries/Accounts	CSH	DA	ESF	FMF	FSA	GHAI	IMET	INCLE	ACI	MRA	NADR	PKO	SEED	Other	Total
Taiwan	-	-	-	-	-	-	-	-	-	-	550	-	-	-	550
Thailand	-	-	-	881	-	-	2,572	2,000	-	-	1,380	500	-	1,840	9,173
Tibet	-	-	3,976	-	-	-	-	-	-	-	-	-	-	-	3,976
Tonga	-	-	-	500	-	-	136	-	-	-	-	-	-	1,093	1,729
Vanuatu	-	-	-	-	-	-	100	-	-	-	-	-	-	1,778	1,878
Vietnam	6,100	3,000	-	-	-	10,000	-	-	-	-	3,214	-	-	-	22,314
Total East Asia and the Pacific	114,383	69,809	159,055	24,676	-	10,000	8,643	6,000	-	20,404	26,587	17,550	-	17,358	474,465
Europe and Eurasia															
Albania	-	-	-	5,000	-	-	1,198	-	-	-	600	-	28,235	1,501	36,534
Armenia	-	-	-	2,485	74,558	-	869	-	-	-	300	-	-	1,604	79,816
ATA Regional - Europe and Eurasia	-	-	-	-	-	-	-	-	-	-	20,079	-	-	-	20,079
Azerbaijan	-	-	-	2,485	38,782	-	1,084	-	-	-	3,068	-	-	1,326	46,745
Belarus	-	-	-	-	8,055	-	-	-	-	-	-	-	-	-	8,055
Bosnia and Herzegovina	-	-	-	18,400	-	-	991	-	-	-	600	-	44,735	-	64,726
Bulgaria	-	-	-	8,450	-	-	1,463	-	-	-	2,000	-	27,835	3,214	42,962
Central and Eastern Europe Regional	250	-	-	-	-	-	-	-	-	-	-	-	-	-	250
Central Asian Republics	1,000	-	-	-	-	-	-	-	-	-	-	-	-	-	1,000
Croatia	-	-	-	-	-	-	-	-	-	-	850	-	24,853	-	25,703
Cyprus	-	-	38,420	-	-	-	-	-	-	-	400	-	-	-	38,820
Czech Republic	-	-	-	7,869	-	-	2,276	-	-	-	-	-	-	-	10,145
Estonia	-	-	-	5,979	-	-	1,408	-	-	-	995	-	-	-	8,382
European Bank for Reconstruction and Development	-	-	-	-	-	-	-	-	-	-	-	-	-	35,222	35,222
Georgia	-	-	-	12,000	71,701	-	1,228	-	-	-	1,500	3,000	-	1,525	90,954
Greece	-	-	-	-	-	-	568	-	-	-	-	-	-	-	568
Hungary	-	-	-	6,938	-	-	2,044	-	-	-	-	-	-	-	8,982
International Fund for Ireland	-	-	18,391	-	-	-	-	-	-	-	-	-	-	-	18,391
Irish Visa Program	-	-	3,479	-	-	-	-	-	-	-	-	-	-	-	3,479
Kazakhstan	-	-	-	2,980	33,342	-	1,233	-	-	-	2,000	-	-	2,312	41,867
Kosovo	-	-	-	-	-	-	-	-	-	-	-	-	78,534	-	78,534
Kyrgyz Republic	-	-	-	4,075	36,238	-	1,047	-	-	-	500	-	-	1,669	43,529
Latvia	-	-	-	6,496	-	-	1,337	-	-	-	2,185	-	-	-	10,018
Lithuania	-	-	-	6,389	-	-	1,343	-	-	-	840	-	-	-	8,572
Macedonia	-	-	-	7,950	-	-	858	-	-	-	550	-	38,770	1,542	49,670
Malta	-	-	-	-	-	-	-	-	-	-	250	-	-	-	250
Moldova	-	-	-	990	22,543	-	1,225	-	-	-	640	-	-	2,253	27,651
MRA Europe	-	-	-	-	-	-	-	-	-	54,558	-	-	-	-	54,558
OSCE Bosnia	-	-	-	-	-	-	-	-	-	-	-	11,500	-	-	11,500
OSCE Croatia	-	-	-	-	-	-	-	-	-	-	-	1,800	-	-	1,800
OSCE Kosovo	-	-	-	-	-	-	-	-	-	-	-	7,000	-	-	7,000
OSCE Regional - Europe and Eurasia	-	-	-	-	-	-	-	-	-	-	-	8,014	-	-	8,014
Poland	-	-	-	32,500	-	-	2,283	-	-	-	-	-	-	-	34,783
Portugal	-	-	-	-	-	-	752	-	-	-	-	-	-	-	752
Regional FSA	-	-	-	-	42,646	-	-	-	-	-	-	-	-	-	42,646
Regional SEED	-	-	-	-	-	-	-	-	-	-	-	-	37,775	-	37,775

Country/Account Summaries ('Spigots')
FY 2004
(\$ in thousands)

Countries/Accounts	CSH	DA	ESF	FMF	FSA	GHAI	IMET	INCLE	ACI	MRA	NADR	PKO	SEED	Other	Total
Romania	-	-	-	8,950	-	-	1,529	-	-	-	715	-	27,835	3,141	42,170
Russia	3,000	-	-	-	96,350	-	778	-	-	-	1,800	-	-	-	101,928
Science Centers/Bio Redirection	-	-	-	-	-	-	-	-	-	-	50,202	-	-	-	50,202
Serbia and Montenegro	-	-	-	-	-	-	-	-	-	-	750	-	133,803	-	134,553
Slovakia	-	-	-	6,603	-	-	1,075	-	-	-	305	-	-	-	7,983
Slovenia	-	-	-	1,974	-	-	950	-	-	-	365	-	-	-	3,289
Tajikistan	-	-	-	1,995	24,451	-	351	-	-	-	300	-	-	-	27,097
Turkey	-	-	10,000	35,000	-	-	5,000	-	-	-	600	-	-	-	50,600
Turkmenistan	-	-	-	500	5,700	-	340	-	-	-	-	-	-	1,858	8,398
Ukraine	1,750	-	-	5,000	94,283	-	1,834	-	-	-	2,142	3,500	-	4,504	113,013
Uzbekistan	-	-	-	-	35,888	-	484	-	-	-	-	-	-	2,070	38,442
Total Europe and Eurasia	6,000	-	70,290	191,008	584,537	-	35,548	-	-	54,558	94,536	34,814	442,375	63,741	1,577,407
Near East															
Algeria	-	-	-	-	-	-	722	-	-	-	-	-	-	-	722
ATA Regional - Near East Asia	-	-	-	-	-	-	-	-	-	-	11,781	-	-	-	11,781
Bahrain	-	-	-	24,682	-	-	568	-	-	-	-	-	-	-	25,250
Egypt	-	-	571,608	1,292,330	-	-	1,369	-	-	-	-	-	-	-	1,865,307
Iraq	-	-	-	-	-	-	-	-	-	-	500	-	-	-	500
Israel	-	-	477,168	2,147,256	-	-	-	-	-	-	-	-	-	-	2,624,424
Jordan	-	-	348,525	204,785	-	-	3,225	-	-	-	2,030	-	-	1,268	559,833
Lebanon	-	400	34,794	-	-	-	700	-	-	-	900	-	-	-	36,794
Middle East Partnership Initiative	-	-	89,469	-	-	-	-	-	-	-	-	-	-	-	89,469
Middle East Regional Cooperation	-	-	5,467	-	-	-	-	-	-	-	-	-	-	-	5,467
Morocco	-	5,400	-	9,940	-	-	1,997	-	-	-	350	-	-	3,110	20,797
MRA Humanitarian Migrants to Israel	-	-	-	-	-	-	-	-	-	49,705	-	-	-	-	49,705
MRA Near East	-	-	-	-	-	-	-	-	-	100,538	-	-	-	-	100,538
Multinational Force and Observers	-	-	-	-	-	-	-	-	-	-	-	16,213	-	-	16,213
NED Muslim Democracy Programs	-	-	3,479	-	-	-	-	-	-	-	-	-	-	-	3,479
Oman	-	-	-	24,850	-	-	825	-	-	-	400	-	-	-	26,075
Saudi Arabia	-	-	-	-	-	-	24	-	-	-	-	-	-	-	24
Tunisia	-	-	-	9,827	-	-	1,899	-	-	-	-	-	-	-	11,726
United Arab Emirates	-	-	-	-	-	-	-	-	-	-	250	-	-	-	250
West Bank/Gaza	-	-	74,558	-	-	-	-	-	-	-	-	-	-	-	74,558
Yemen	-	-	11,432	14,910	-	-	886	-	-	-	1,243	5,000	-	-	33,471
Total Near East	-	5,800	1,616,500	3,728,580	-	-	12,215	-	-	150,243	17,454	21,213	-	4,378	5,556,383
South Asia															
Afghanistan	31,000	148,822	899,558	413,705	-	-	674	220,000	-	-	64,902	20,000	-	-	1,798,661
ATA Regional - South Asia	-	-	-	-	-	-	-	-	-	-	6,524	-	-	-	6,524
Bangladesh	35,500	18,200	4,971	-	-	-	862	-	-	-	-	-	-	1,566	61,099
India	47,800	22,539	14,912	-	-	-	1,366	-	-	-	685	-	-	-	87,302
Maldives	-	-	-	-	-	-	181	-	-	-	-	-	-	-	181
MRA South Asia	-	-	-	-	-	-	-	-	-	73,741	-	-	-	-	73,741
Nepal	24,840	8,874	4,971	3,975	-	-	546	-	-	-	-	-	-	2,108	45,314
Pakistan	25,600	49,400	200,000	74,560	-	-	1,384	31,500	-	-	4,930	-	-	-	387,374

Country/Account Summaries ('Spigots')
FY 2004
(\$ in thousands)

Countries/Accounts	CSH	DA	ESF	FMF	FSA	GHAI	IMET	INCLE	ACI	MRA	NADR	PKO	SEED	Other	Total
South Asia Regional Fund	-	-	1,988	-	-	-	-	-	-	-	-	-	-	-	1,988
Sri Lanka	300	4,750	11,929	2,495	-	-	553	-	-	-	1,775	-	-	-	21,802
Total South Asia	165,040	252,585	1,138,329	494,735	-	-	5,566	251,500	-	73,741	78,816	20,000	-	3,674	2,483,986
Western Hemisphere															
Administration of Justice	-	-	4,424	-	-	-	-	-	-	-	-	-	-	-	4,424
Amazon Environmental Initiative	-	10,000	-	-	-	-	-	-	-	-	-	-	-	-	10,000
Argentina	-	-	-	-	-	-	1,087	-	-	-	-	-	-	-	1,087
ATA Regional - Western Hemisphere	-	-	-	-	-	-	-	-	-	-	5,331	-	-	-	5,331
Bahamas	-	-	-	99	-	-	165	1,000	-	-	-	-	-	-	1,264
Belize	-	-	-	191	-	-	277	-	-	-	-	-	-	1,614	2,082
Bolivia	14,602	12,032	8,000	3,976	-	-	589	-	91,000	-	-	-	-	2,870	133,069
Brazil	9,650	7,643	750	-	-	-	-	-	10,200	-	-	-	-	-	28,243
Caribbean Regional	4,029	6,281	-	-	-	-	-	-	-	-	-	-	-	-	10,310
Central American Regional	4,950	15,807	-	-	-	-	-	-	-	-	-	-	-	-	20,757
Chile	-	-	-	347	-	-	600	-	-	-	-	-	-	-	947
Colombia	-	-	-	98,450	-	-	1,676	-	473,900	-	-	-	-	-	574,026
Costa Rica	-	-	-	-	-	-	-	-	-	-	-	-	-	1,395	1,395
Cuba	-	-	21,369	-	-	-	-	-	-	-	-	-	-	-	21,369
Dominican Republic	13,166	11,413	3,682	2,000	-	-	973	-	-	-	-	-	-	2,734	33,968
Eastern Caribbean	-	-	-	3,137	-	-	719	-	-	-	-	-	-	3,044	6,900
Ecuador	-	7,068	10,473	-	-	-	-	-	35,000	-	-	-	-	2,995	55,536
El Salvador	7,150	27,155	-	5,000	-	-	1,480	-	-	-	-	-	-	2,158	42,943
Guatemala	11,400	12,362	4,971	-	-	-	504	3,000	-	-	-	-	-	3,601	35,838
Guyana	1,700	2,850	-	95	-	5,097	359	-	-	-	-	-	-	1,489	11,590
Haiti	22,783	8,899	54,982	295	-	13,047	235	-	-	-	-	210	-	1,403	101,854
Hemispheric Cooperation Program	-	-	6,941	-	-	-	-	-	-	-	-	-	-	-	6,941
Honduras	12,777	22,797	-	2,375	-	-	1,309	-	-	-	-	-	-	4,063	43,321
Inter-American Development Bank - Multilateral Investment Fund	-	-	-	-	-	-	-	-	-	-	-	-	-	24,853	24,853
Inter-American Foundation	-	-	-	-	-	-	-	-	-	-	-	-	-	16,238	16,238
Jamaica	4,621	14,160	-	597	-	-	700	1,500	-	-	-	-	-	2,608	24,186
LAC Regional	12,144	33,527	-	-	-	-	-	-	-	-	-	-	-	-	45,671
Latin America Regional	-	-	-	-	-	-	-	4,850	-	-	-	-	-	-	4,850
Mexico	3,700	17,282	11,432	-	-	-	1,275	37,000	-	-	-	-	-	987	71,676
MRA Western Hemisphere	-	-	-	-	-	-	-	-	-	21,526	-	-	-	-	21,526
Nicaragua	7,406	25,536	-	938	-	-	779	-	-	-	300	500	-	2,499	37,958
OAS Demining	-	-	-	-	-	-	-	-	-	-	2,611	-	-	-	2,611
OAS Development Assistance Programs	-	-	-	-	-	-	-	-	-	-	-	-	-	5,468	5,468
OAS Fund for Strengthening Democracy	-	-	-	-	-	-	-	-	-	-	-	-	-	2,982	2,982
OAS Special Mission in Haiti	-	-	-	-	-	-	-	-	-	-	-	-	-	4,971	4,971
Panama	-	5,622	1,000	2,000	-	-	558	-	6,487	-	40	-	-	2,478	18,185
Paraguay	2,325	4,140	2,982	-	-	-	-	-	-	-	-	-	-	3,020	12,467
Peru	17,582	13,786	7,453	-	-	-	-	-	116,000	-	-	-	-	1,892	156,713
Peru-Ecuador Peace	-	-	3,976	-	-	-	-	-	-	-	-	-	-	-	3,976
South America Regional	-	2,400	-	-	-	-	-	-	-	-	-	-	-	-	2,400

Country/Account Summaries ('Spigots')
FY 2004
(\$ in thousands)

Countries/Accounts	CSH	DA	ESF	FMF	FSA	GHAI	IMET	INCLE	ACI	MRA	NADR	PKO	SEED	Other	Total
Suriname	-	-	-	114	-	-	151	-	-	-	-	-	-	1,206	1,471
Third Border Initiative	-	-	4,976	-	-	-	-	-	-	-	-	-	-	-	4,976
Venezuela	-	-	1,497	-	-	-	-	-	5,000	-	-	-	-	-	6,497
Total Western Hemisphere	149,985	260,760	148,908	119,614	-	18,144	13,436	47,350	737,587	21,526	8,282	710	-	96,568	1,622,870
Global															
Asia Regional	-	-	-	-	-	-	-	1,000	-	-	-	-	-	-	1,000
Asia-Near East Regional	2,317	19,667	-	-	-	-	-	-	-	-	-	-	-	-	21,984
Asian Development Fund	-	-	-	-	-	-	-	-	-	-	-	-	-	143,569	143,569
ATA Course Translations	-	-	-	-	-	-	-	-	-	-	2,748	-	-	-	2,748
ATA Program Management	-	-	-	-	-	-	-	-	-	-	5,888	-	-	-	5,888
Center for Human Settlements	-	-	-	-	-	-	-	-	-	-	-	-	-	746	746
Central Programs	-	-	-	-	-	129,797	-	-	-	-	-	-	-	-	129,797
Civilian Police Program	-	-	-	-	-	-	-	2,700	-	-	-	-	-	-	2,700
CTBT International Monitoring System	-	-	-	-	-	-	-	-	-	-	18,888	-	-	-	18,888
Debt Restructuring	-	-	-	-	-	-	-	-	-	-	-	-	-	94,440	94,440
Demand Reduction	-	-	-	-	-	-	-	5,000	-	-	-	-	-	-	5,000
Demining Administrative Expenses	-	-	-	-	-	-	-	-	-	-	690	-	-	-	690
Demining Crosscutting Initiatives	-	-	-	-	-	-	-	-	-	-	4,019	-	-	-	4,019
Demining Research and Training	-	-	-	-	-	-	-	-	-	-	744	-	-	-	744
Democracy, Conflict & Humanitarian Assistance	4,345	86,429	-	-	-	-	-	-	-	-	-	-	-	-	90,774
Development Credit Program - Admin. Exp.	-	-	-	-	-	-	-	-	-	-	-	-	-	7,953	7,953
E-IMET Schools	-	-	-	-	-	-	3,360	-	-	-	-	-	-	-	3,360
Economic Growth, Agriculture and Trade	-	172,987	-	-	-	-	-	-	-	-	-	-	-	-	172,987
Enhanced International Peacekeeping Capabilities	-	-	-	1,990	-	-	-	-	-	-	-	-	-	-	1,990
Export Control Program Administration	-	-	-	-	-	-	-	-	-	-	1,850	-	-	-	1,850
Export Control Regional Advisors	-	-	-	-	-	-	-	-	-	-	6,426	-	-	-	6,426
Export-Import Bank - Administrative Expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	72,467	72,467
Export-Import Bank - Direct Loans, Negative Subsidies	-	-	-	-	-	-	-	-	-	-	-	-	-	(42,000)	(42,000)
FMF Administrative Costs	-	-	-	40,260	-	-	-	-	-	-	-	-	-	-	40,260
General Costs	-	-	-	-	-	-	500	-	-	-	-	-	-	-	500
Global Development Alliance	-	14,960	-	-	-	-	-	-	-	-	-	-	-	-	14,960
Global Environment Facility	-	-	-	-	-	-	-	-	-	-	-	-	-	138,418	138,418
Global Health	328,806	1,000	-	-	-	-	-	-	-	-	-	-	-	-	329,806
Global Regional Export Controls	-	-	-	-	-	-	-	-	-	-	585	-	-	-	585
Human Rights and Democracy Fund	-	-	34,296	-	-	-	-	-	-	-	-	-	-	-	34,296
INL Anticrime Programs	-	-	-	-	-	-	-	11,324	-	-	-	-	-	-	11,324
International Atomic Energy Agency Voluntary Contribution	-	-	-	-	-	-	-	-	-	-	52,687	-	-	-	52,687
International Civil Aviation Organization	-	-	-	-	-	-	-	-	-	-	-	-	-	994	994
International Conservation Programs	-	-	-	-	-	-	-	-	-	-	-	-	-	6,362	6,362

Country/Account Summaries ('Spigots')
FY 2004
(\$ in thousands)

Countries/Accounts	CSH	DA	ESF	FMF	FSA	GHAI	IMET	INCLE	ACI	MRA	NADR	PKO	SEED	Other	Total
International Contributions for Scientific, Educational, and Cultural Activities	-	-	-	-	-	-	-	-	-	-	-	-	-	1,889	1,889
International Development Association	-	-	-	-	-	-	-	-	-	-	-	-	-	907,812	907,812
International Disaster and Famine Assistance	-	-	-	-	-	-	-	-	-	-	-	-	-	253,993	253,993
International Fund for Agricultural Development	-	-	-	-	-	-	-	-	-	-	-	-	-	14,916	14,916
International Law Enforcement Academies	-	-	-	-	-	-	-	14,500	-	-	-	-	-	-	14,500
International Organizations	-	-	-	-	-	-	-	12,200	-	-	-	-	-	-	12,200
International Organizations/Partnerships	564,900	-	-	-	-	-	-	-	-	-	-	-	-	-	564,900
International Panel on Climate Change/UN Framework Convention on Climate Change	-	-	-	-	-	-	-	-	-	-	-	-	-	5,567	5,567
International Trust Fund - NADR	-	-	-	-	-	-	-	-	-	-	9,941	-	-	-	9,941
Interregional Aviation Support	-	-	-	-	-	-	-	70,000	-	-	-	-	-	-	70,000
Legislative and Public Affairs	-	2,000	-	-	-	-	-	-	-	-	-	-	-	-	2,000
MANPADS	-	-	-	-	-	-	-	-	-	-	2,000	-	-	-	2,000
Millennium Challenge Account	-	-	-	-	-	-	-	-	-	-	-	-	-	994,100	994,100
Mobile Antiterrorism Training Team (MATT)	-	-	-	-	-	-	-	-	-	-	4,776	-	-	-	4,776
Montreal Protocol Multilateral Fund	-	-	-	-	-	-	-	-	-	-	-	-	-	20,876	20,876
MRA Administrative Expenses	-	-	-	-	-	-	-	-	-	20,876	-	-	-	-	20,876
MRA Migration	-	-	-	-	-	-	-	-	-	17,303	-	-	-	-	17,303
MRA Refugee Admissions	-	-	-	-	-	-	-	-	-	132,464	-	-	-	-	132,464
MRA Strategic Global Priorities	-	-	-	-	-	-	-	-	-	63,210	-	-	-	-	63,210
Multilateral Investment Guarantee Agency	-	-	-	-	-	-	-	-	-	-	-	-	-	1,117	1,117
New Course Development	-	-	-	-	-	-	-	-	-	-	3,300	-	-	-	3,300
No-Year/Carry Forward	-	-	-	-	-	-	718	-	-	-	-	-	-	-	718
Non-Proliferation and Disarmament Fund	-	-	-	-	-	-	-	-	-	-	29,823	-	-	-	29,823
Oceans, Environmental and Science Initiative	-	-	3,976	-	-	-	-	-	-	-	-	-	-	-	3,976
Office of Transition Initiatives	-	-	-	-	-	-	-	-	-	-	-	-	-	54,676	54,676
OPIC - Administrative Expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	41,141	41,141
OPIC - Credit Funding	-	-	-	-	-	-	-	-	-	-	-	-	-	23,858	23,858
OPIC - Net Offsetting Collections	-	-	-	-	-	-	-	-	-	-	-	-	-	(288,999)	(288,999)
Other Bilateral Programs	-	-	-	-	-	16,500	-	-	-	-	-	-	-	-	16,500
Other Programs	6,749	5,718	12,426	-	-	-	-	-	-	-	-	-	-	-	24,893
Partnership to Eliminate Sweatshops	-	-	1,988	-	-	-	-	-	-	-	-	-	-	-	1,988
Peace Corps Other	-	-	-	-	-	-	-	-	-	-	-	-	-	149,736	149,736
Program & Policy Coordination	4,310	5,898	-	-	-	-	-	-	-	-	-	-	-	-	10,208
Program Development and Support	-	-	-	-	-	-	-	13,850	-	-	-	-	-	-	13,850
Program Equipment	-	-	-	-	-	-	-	-	-	-	500	-	-	-	500
Reconciliation Programs	-	-	7,953	-	-	-	-	-	-	-	-	-	-	-	7,953
SA/LW Conference	-	-	-	-	-	-	-	-	-	-	30	-	-	-	30
Security and Sustainability Programs	-	-	2,982	-	-	-	-	-	-	-	-	-	-	-	2,982
Strategic Information/Evaluation	-	-	-	-	-	14,850	-	-	-	-	-	-	-	-	14,850

Country/Account Summaries ('Spigots')
FY 2004
(\$ in thousands)

Countries/Accounts	CSH	DA	ESF	FMF	FSA	GHAI	IMET	INCLE	ACI	MRA	NADR	PKO	SEED	Other	Total
Systems Support and Upgrades	-	-	-	-	-	-	-	5,000	-	-	-	-	-	-	5,000
Technical Oversight and Management	-	-	-	-	-	34,972	-	-	-	-	-	-	-	-	34,972
Trade and Development Agency	-	-	-	-	-	-	-	-	-	-	-	-	-	49,705	49,705
Trafficking in Persons	-	-	12,427	-	-	-	-	12,000	-	-	-	-	-	-	24,427
Treasury Technical Assistance	-	-	-	-	-	-	-	-	-	-	-	-	-	18,888	18,888
U.S. Emergency Refugee and Migration Assistance Fund	-	-	-	-	-	-	-	-	-	-	-	-	-	29,823	29,823
UN Children's Fund	-	-	-	-	-	-	-	-	-	-	-	-	-	119,292	119,292
UN Development Fund for Women	-	-	-	-	-	-	-	-	-	-	-	-	-	994	994
UN Development Program	-	-	-	-	-	-	-	-	-	-	-	-	-	101,398	101,398
UN Environment Program	-	-	-	-	-	-	-	-	-	-	-	-	-	10,935	10,935
UN High Commissioner, Human Rights	-	-	-	-	-	-	-	-	-	-	-	-	-	2,484	2,484
UN Voluntary Fund for Technical Cooperation in the Field of Human Rights	-	-	-	-	-	-	-	-	-	-	-	-	-	1,491	1,491
UN Voluntary Fund for Victims of Torture	-	-	-	-	-	-	-	-	-	-	-	-	-	5,468	5,468
United Nations Crime Center	-	-	-	-	-	-	-	1,000	-	-	-	-	-	-	1,000
USAID Capital Investment Fund	-	-	-	-	-	-	-	-	-	-	-	-	-	98,315	98,315
USAID Inspector General Operating Expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	36,694	36,694
USAID Operating Expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	651,136	651,136
Wheelchairs	-	-	4,971	-	-	-	-	-	-	-	-	-	-	-	4,971
World Meteorological Organization	-	-	-	-	-	-	-	-	-	-	-	-	-	1,988	1,988
World Trade Organization	-	-	-	-	-	-	-	-	-	-	-	-	-	994	994
Total Global	911,427	308,659	81,019	42,250	-	196,119	4,578	148,574	-	233,853	144,895	-	-	3,733,236	5,804,610
Total FY 2004	1,824,174	1,364,329	3,288,162	4,621,810	584,537	488,103	91,159	460,274	737,587	780,712	396,415	124,458	442,375	4,407,119	19,611,214

Country/Account Summaries ('Spigots')
FY 2005
(\$ in thousands)

Countries/Accounts	CSH	DA	ESF	FMF	FSA	GHAI	IMET	INCLE	ACI	MRA	NADR	PKO	SEED	Other	Total
Africa															
Africa Coastal/Border Security Program	-	-	-	3,968	-	-	-	-	-	-	-	-	-	-	3,968
Africa Regional	29,037	130,281	-	-	-	-	-	1,512	-	-	-	43,912	-	-	204,742
Africa Regional Fund	-	-	8,928	-	-	-	-	-	-	-	-	-	-	-	8,928
African Contingency Operations Training and Assistance	-	-	-	-	-	-	-	-	-	-	-	14,880	-	-	14,880
African Development Bank	-	-	-	-	-	-	-	-	-	-	-	-	-	4,067	4,067
African Development Foundation	-	-	-	-	-	-	-	-	-	-	-	-	-	18,848	18,848
African Development Fund	-	-	-	-	-	-	-	-	-	-	-	-	-	105,152	105,152
African Union	-	-	-	-	-	-	50	-	-	-	-	-	-	-	50
Angola	7,586	4,740	2,976	-	-	-	300	-	-	-	5,907	-	-	-	21,509
ATA Regional - Africa	-	-	-	-	-	-	-	-	-	-	11,975	-	-	-	11,975
Benin	7,750	6,602	-	-	-	-	250	-	-	-	-	-	-	3,266	17,868
Botswana	-	-	-	496	-	27,543	700	-	-	-	-	-	-	1,747	30,486
Burkina Faso	-	-	-	-	-	-	100	-	-	-	-	-	-	3,055	3,155
Burundi	800	2,118	3,224	-	-	-	50	-	-	-	200	-	-	-	6,392
Cameroon	-	-	-	-	-	-	225	-	-	-	-	-	-	2,990	3,215
Cape Verde	-	-	-	-	-	-	120	-	-	-	-	-	-	1,665	1,785
Central Africa Regional	-	15,000	-	-	-	-	-	-	-	-	-	-	-	-	15,000
Central African Republic	-	-	-	-	-	-	50	-	-	-	-	-	-	-	50
Chad	-	-	-	-	-	-	245	-	-	-	1,000	-	-	1,709	2,954
Comoros	-	-	-	-	-	-	80	-	-	-	-	-	-	-	80
Cote d'Ivoire	-	-	-	-	-	20,912	-	-	-	-	-	-	-	-	20,912
Democratic Republic of Congo	24,765	8,152	4,960	-	-	-	157	-	-	-	-	-	-	-	38,034
Djibouti	-	-	1,984	3,968	-	-	325	-	-	-	-	-	-	-	6,277
ECOWAS	-	-	-	-	-	-	100	-	-	-	-	-	-	-	100
Eritrea	5,300	1,051	-	496	-	-	450	-	-	-	2,800	-	-	-	10,097
Ethiopia	20,490	30,500	4,960	1,984	-	55,560	600	-	-	-	-	-	-	-	114,094
Gabon	-	-	-	-	-	-	210	-	-	-	-	-	-	2,500	2,710
Gambia	-	-	-	-	-	-	75	-	-	-	-	-	-	1,886	1,961
Ghana	18,920	17,443	-	496	-	-	595	-	-	-	-	-	-	2,824	40,278
Guinea	6,950	7,922	-	-	-	-	350	-	-	-	-	-	-	2,483	17,705
Guinea-Bissau	-	-	-	-	-	-	100	-	-	-	200	-	-	-	300
Kenya	12,600	15,782	8,928	6,944	-	107,020	650	-	-	-	4,050	-	-	3,085	159,059
Kimberley Process	-	-	1,736	-	-	-	-	-	-	-	-	-	-	-	1,736
Lesotho	-	-	-	-	-	-	50	-	-	-	-	-	-	2,484	2,534
Liberia	4,471	6,854	24,800	2,976	-	-	-	5,000	-	-	-	-	-	-	44,101
Madagascar	11,315	9,024	-	-	-	-	200	-	-	-	-	-	-	2,233	22,772
Malawi	20,425	10,163	-	-	-	-	360	-	-	-	-	-	-	2,349	33,297
Mali	15,755	18,564	-	-	-	-	175	-	-	-	-	-	-	4,144	38,638
Mauritania	-	-	-	-	-	-	130	-	-	-	-	-	-	2,290	2,420
Mauritius	-	-	-	-	-	-	125	-	-	-	-	-	-	-	125
Military Health Affairs	-	-	-	1,984	-	-	-	-	-	-	-	-	-	-	1,984
Mozambique	12,530	17,085	-	-	-	45,884	215	-	-	-	2,336	-	-	2,227	80,277
MRA Africa	-	-	-	-	-	-	-	-	-	229,351	-	-	-	-	229,351

Country/Account Summaries ('Spigots')
FY 2005
(\$ in thousands)

Countries/Accounts	CSH	DA	ESF	FMF	FSA	GHAI	IMET	INCLE	ACI	MRA	NADR	PKO	SEED	Other	Total
Namibia	796	6,152	-	-	-	34,514	100	-	-	-	-	-	-	2,665	44,227
NED Democracy Programs - AF	-	-	3,472	-	-	-	-	-	-	-	-	-	-	-	3,472
Niger	-	-	-	-	-	-	100	-	-	-	-	-	-	2,826	2,926
Nigeria	26,100	14,208	4,960	496	-	81,303	800	2,232	-	-	-	-	-	-	130,099
REDSO/ESA	12,900	20,283	-	-	-	-	-	-	-	-	-	-	-	-	33,183
Regional Center for Southern Africa	7,486	15,297	-	-	-	-	-	-	-	-	-	-	-	-	22,783
Regional Organizations	-	-	992	-	-	-	-	-	-	-	-	-	-	-	992
Republic of the Congo	-	-	-	-	-	-	110	-	-	-	-	-	-	-	110
Rwanda	4,850	5,480	-	-	-	39,938	225	-	-	-	-	-	-	-	50,493
Safe Skies	-	-	3,472	-	-	-	-	-	-	-	-	-	-	-	3,472
Sao Tome and Principe	-	-	-	-	-	-	200	-	-	-	-	-	-	-	200
Senegal	14,775	9,735	-	496	-	-	1,100	-	-	-	-	-	-	3,762	29,868
Seychelles	-	-	-	-	-	-	100	-	-	-	-	-	-	-	100
Sierra Leone	400	4,600	5,952	-	-	-	300	-	-	-	-	-	-	-	11,252
Somalia	100	5,000	-	-	-	-	-	-	-	-	-	-	-	-	5,100
South Africa	5,328	26,160	992	-	-	101,859	50	1,756	-	-	25	-	-	3,276	139,446
Sudan	16,000	70,000	19,840	-	-	-	-	-	-	-	2,800	74,400	-	17,856	200,896
Swaziland	-	-	-	-	-	-	100	-	-	-	-	-	-	-	1,510
Tanzania	12,200	7,962	-	-	-	80,326	-	-	-	-	225	-	-	2,681	103,394
Togo	-	-	-	-	-	-	120	-	-	-	-	-	-	2,585	2,705
Uganda	12,760	27,182	-	1,984	-	104,779	240	-	-	-	-	-	-	1,635	148,580
West Africa Regional	19,550	18,809	-	-	-	-	-	-	-	-	-	-	-	-	38,359
Zambia	13,735	14,562	-	-	-	81,831	225	-	-	-	-	-	-	3,061	113,414
Zimbabwe	11,100	735	1,984	-	-	-	-	-	-	-	-	-	-	-	13,819
Total Africa	356,774	547,446	104,160	26,288	-	781,469	10,807	10,500	-	229,351	31,518	133,192	-	212,861	2,444,366
East Asia and the Pacific															
ASEAN	-	-	744	-	-	-	-	-	-	-	-	-	-	-	744
ATA Regional - East Asia and the Pacific	-	-	-	-	-	-	-	-	-	-	9,979	-	-	-	9,979
Burma	-	-	7,936	-	-	-	-	-	-	-	-	-	-	-	7,936
Cambodia	28,700	9,450	16,864	992	-	-	-	-	-	-	4,170	-	-	-	60,176
China	-	-	-	-	-	-	-	-	-	-	-	-	-	1,476	1,476
East Asia Regional	-	-	-	-	-	-	-	-	-	-	365	-	-	-	365
East Timor	-	-	21,824	992	-	-	300	-	-	-	-	1,000	-	1,402	25,518
Environmental Programs	-	-	1,736	-	-	-	-	-	-	-	-	-	-	-	1,736
Fiji	-	-	-	248	-	-	250	-	-	-	-	-	-	1,758	2,256
Indonesia	36,700	27,848	64,480	992	-	-	600	-	-	-	5,300	-	-	-	135,920
Kiribati	-	-	-	-	-	-	-	-	-	-	-	-	-	1,217	1,217
Laos	-	-	-	-	-	-	50	1,984	-	-	2,500	-	-	-	4,534
Malaysia	-	-	-	-	-	-	1,100	-	-	-	1,020	-	-	-	2,120
Micronesia	-	-	-	-	-	-	-	-	-	-	-	-	-	1,909	1,909
Mongolia	-	-	9,920	992	-	-	850	-	-	-	-	-	-	1,820	13,582
MRA East Asia	-	-	-	-	-	-	-	-	-	21,321	-	-	-	-	21,321
NED Democracy Programs - EAP	-	-	3,968	-	-	-	-	-	-	-	-	-	-	-	3,968
Papua New Guinea	-	-	-	-	-	-	300	-	-	-	-	-	-	-	300
Philippines	26,800	27,576	34,720	29,760	-	-	3,000	3,968	-	-	600	-	-	2,846	129,270

Country/Account Summaries ('Spigots')
FY 2005
(\$ in thousands)

Countries/Accounts	CSH	DA	ESF	FMF	FSA	GHAI	IMET	INCLE	ACI	MRA	NADR	PKO	SEED	Other	Total
Regional Development Mission / Asia	17,851	10,400	-	-	-	-	-	-	-	-	-	-	-	-	28,251
Regional Security Fund - EAP	-	-	248	-	-	-	-	-	-	-	-	-	-	-	248
Regional Women's Issues	-	-	992	-	-	-	-	-	-	-	-	-	-	-	992
Samoa	-	-	-	-	-	-	50	-	-	-	-	-	-	1,392	1,442
Singapore	-	-	-	-	-	-	-	-	-	-	500	-	-	-	500
Solomon Islands	-	-	-	-	-	-	150	-	-	-	-	-	-	30	180
South Pacific Fisheries	-	-	17,856	-	-	-	-	-	-	-	-	-	-	-	17,856
Taiwan	-	-	-	-	-	-	-	-	-	-	550	-	-	-	550
Thailand	-	-	992	1,488	-	-	2,500	1,608	-	-	750	-	-	2,243	9,581
Tibet	-	-	4,216	-	-	-	-	-	-	-	-	-	-	-	4,216
Tonga	-	-	-	248	-	-	135	-	-	-	-	-	-	1,187	1,570
Vanuatu	-	-	-	-	-	-	110	-	-	-	-	-	-	2,055	2,165
Vietnam	1,200	4,750	-	-	-	22,145	50	-	-	-	3,130	-	-	-	31,275
Total East Asia and the Pacific	111,251	80,024	186,496	35,712	-	22,145	9,445	7,560	-	21,321	28,864	1,000	-	19,335	523,153
Europe and Eurasia															
Albania	-	-	-	2,976	-	-	900	-	-	-	600	-	28,000	1,787	34,263
Armenia	-	-	-	7,936	70,000	-	750	-	-	-	300	-	-	1,717	80,703
ATA Regional - Europe and Eurasia	-	-	-	-	-	-	-	-	-	-	17,298	-	-	-	17,298
Azerbaijan	-	-	-	7,936	37,355	-	750	-	-	-	5,045	-	-	1,527	52,613
Belarus	-	-	-	-	6,500	-	-	-	-	-	300	-	-	-	6,800
Bosnia and Herzegovina	-	-	-	2,480	-	-	900	-	-	-	900	-	41,000	-	45,280
Bulgaria	-	-	-	6,944	-	-	1,395	-	-	-	744	-	27,000	3,387	39,470
Central and Eastern Europe Regional	250	-	-	-	-	-	-	-	-	-	-	-	-	-	250
Central Asian Republics	1,000	-	-	-	-	-	-	-	-	-	-	-	-	-	1,000
Croatia	-	-	-	-	-	-	50	-	-	-	690	-	20,000	-	20,740
Cyprus	-	-	13,392	-	-	-	-	-	-	-	400	-	-	-	13,792
Czech Republic	-	-	-	5,952	-	-	1,900	-	-	-	-	-	-	-	7,852
Estonia	-	-	-	4,960	-	-	1,200	-	-	-	1,000	-	-	-	7,160
European Bank for Reconstruction and Development	-	-	-	-	-	-	-	-	-	-	-	-	-	35,148	35,148
Georgia	-	-	-	11,904	86,000	-	1,200	-	-	-	3,000	-	-	1,618	103,722
Greece	-	-	-	-	-	-	1,000	-	-	-	-	-	-	-	1,000
Hungary	-	-	-	5,952	-	-	1,900	-	-	-	-	-	-	-	7,852
International Fund for Ireland	-	-	18,352	-	-	-	-	-	-	-	-	-	-	-	18,352
Irish Visa Program	-	-	3,472	-	-	-	-	-	-	-	-	-	-	-	3,472
Kazakhstan	-	-	-	4,960	26,690	-	1,000	-	-	-	2,500	-	-	2,686	37,836
Kosovo	-	-	-	-	-	-	-	-	-	-	-	-	75,000	-	75,000
Kyrgyz Republic	-	-	-	1,984	31,000	-	1,100	-	-	-	500	-	-	1,848	36,432
Latvia	-	-	-	4,960	-	-	1,200	-	-	-	1,000	-	-	-	7,160
Lithuania	-	-	-	5,456	-	-	1,200	-	-	-	1,000	-	-	-	7,656
Macedonia	-	-	-	5,208	-	-	650	-	-	-	400	-	34,000	1,632	41,890
Malta	-	-	-	-	-	-	-	2,976	-	-	100	-	-	-	3,076
Moldova	-	-	-	446	17,350	-	900	-	-	-	495	-	-	2,518	21,709
MRA Europe	-	-	-	-	-	-	-	-	-	48,089	-	-	-	-	48,089
OSCE Regional - Europe and Eurasia	-	-	-	-	-	-	-	-	-	-	-	2,400	-	-	2,400

Country/Account Summaries ('Spigots')
FY 2005
(\$ in thousands)

Countries/Accounts	CSH	DA	ESF	FMF	FSA	GHAI	IMET	INCLE	ACI	MRA	NADR	PKO	SEED	Other	Total
Poland	-	-	-	65,472	-	-	2,000	-	-	-	-	-	-	-	67,472
Portugal	-	-	-	-	-	-	850	-	-	-	-	-	-	-	850
Regional FSA	-	-	-	-	49,620	-	-	-	-	-	-	-	-	-	49,620
Regional SEED	-	-	-	-	-	-	-	-	-	-	-	-	47,827	-	47,827
Romania	-	-	-	10,912	-	-	1,500	-	-	-	750	-	27,000	2,931	43,093
Russia	3,000	-	-	-	85,000	-	800	-	-	-	2,800	-	-	-	91,600
Serbia and Montenegro	-	-	-	-	-	-	50	-	-	-	1,535	-	93,600	-	95,185
Slovakia	-	-	-	4,960	-	-	950	-	-	-	550	-	-	-	6,460
Slovenia	-	-	-	1,488	-	-	950	-	-	-	495	-	-	-	2,933
Tajikistan	-	-	-	496	27,000	-	350	-	-	-	300	-	-	-	28,146
Turkey	-	-	-	33,728	-	-	4,000	-	-	-	600	-	-	-	38,328
Turkmenistan	-	-	-	694	6,505	-	450	-	-	-	-	-	-	1,672	9,321
Ukraine	2,198	-	-	2,976	79,000	-	1,700	-	-	-	3,000	-	-	4,642	93,516
Uzbekistan	-	-	-	10,912	33,500	-	800	-	-	-	1,200	-	-	2,305	48,717
Total Europe and Eurasia	6,448	-	35,216	211,692	555,520	-	32,395	2,976	-	48,089	47,502	2,400	393,427	65,418	1,401,083
Near East															
Algeria	-	-	-	-	-	-	850	-	-	-	-	-	-	-	850
ATA Regional - Near East Asia	-	-	-	-	-	-	-	-	-	-	12,641	-	-	-	12,641
Bahrain	-	-	-	18,848	-	-	650	-	-	-	-	-	-	-	19,498
Egypt	-	-	530,720	1,289,600	-	-	1,200	-	-	-	-	-	-	-	1,821,520
Israel	-	-	357,120	2,202,240	-	-	-	-	-	-	-	-	-	-	2,559,360
Jordan	-	-	248,000	204,352	-	-	3,000	-	-	-	860	-	-	1,464	457,676
Lebanon	-	500	34,720	-	-	-	700	-	-	-	2,300	-	-	-	38,220
Middle East Multilaterals	-	-	1,984	-	-	-	-	-	-	-	-	-	-	-	1,984
Middle East Partnership Initiative	-	-	74,400	-	-	-	-	-	-	-	-	-	-	-	74,400
Middle East Regional Cooperation	-	-	4,960	-	-	-	-	-	-	-	-	-	-	-	4,960
Morocco	-	6,000	19,840	15,128	-	-	1,875	2,992	-	-	-	-	-	3,382	49,217
MRA Humanitarian Migrants to Israel	-	-	-	-	-	-	-	-	-	49,600	-	-	-	-	49,600
MRA Near East	-	-	-	-	-	-	-	-	-	98,442	-	-	-	-	98,442
Multinational Force and Observers	-	-	-	-	-	-	-	-	-	-	-	16,456	-	-	16,456
NED Muslim Democracy Programs	-	-	3,968	-	-	-	-	-	-	-	-	-	-	-	3,968
Oman	-	-	-	19,840	-	-	1,100	-	-	-	400	-	-	-	21,340
Saudi Arabia	-	-	-	-	-	-	25	-	-	-	-	-	-	-	25
Tunisia	-	-	-	9,920	-	-	1,875	-	-	-	-	-	-	-	11,795
United Arab Emirates	-	-	-	-	-	-	-	-	-	-	250	-	-	-	250
West Bank/Gaza	-	-	74,400	-	-	-	-	-	-	-	-	-	-	-	74,400
Yemen	-	-	14,880	9,920	-	-	1,100	-	-	-	1,225	-	-	-	27,125
Total Near East	-	6,500	1,364,992	3,769,848	-	-	12,375	2,992	-	148,042	17,676	16,456	-	4,846	5,343,727
South Asia															
Afghanistan	38,000	165,800	223,200	396,800	-	-	800	89,280	-	-	18,750	23,800	-	-	956,430
ATA Regional - South Asia	-	-	-	-	-	-	-	-	-	-	7,984	-	-	-	7,984
Bangladesh	31,450	16,535	4,960	248	-	-	900	-	-	-	-	-	-	1,759	55,852
India	51,022	24,000	14,880	-	-	-	1,400	-	-	-	685	-	-	-	91,987
Maldives	-	-	-	-	-	-	175	-	-	-	-	-	-	-	175

Country/Account Summaries ('Spigots')
FY 2005
(\$ in thousands)

Countries/Accounts	CSH	DA	ESF	FMF	FSA	GHAI	IMET	INCLE	ACI	MRA	NADR	PKO	SEED	Other	Total
MRA South Asia	-	-	-	-	-	-	-	-	-	59,098	-	-	-	-	59,098
Nepal	23,540	10,000	4,960	1,488	-	-	650	-	-	-	-	-	-	394	41,032
Pakistan	21,000	29,000	297,600	148,800	-	-	2,000	32,150	-	-	7,000	-	-	-	537,550
South Asia Regional Fund	-	-	992	-	-	-	-	-	-	-	-	-	-	-	992
Sri Lanka	300	6,774	9,920	496	-	-	500	-	-	-	2,900	720	-	-	21,610
Total South Asia	165,312	252,109	556,512	547,832	-	-	6,425	121,430	-	59,098	37,319	24,520	-	2,153	1,772,710
Western Hemisphere															
Air Bridge Denial Program	-	-	-	-	-	-	-	-	11,111	-	-	-	-	-	11,111
Amazon Environmental Initiative	-	8,000	-	-	-	-	-	-	-	-	-	-	-	-	8,000
Argentina	-	-	-	992	-	-	825	-	-	-	50	-	-	-	1,867
ATA Regional - Western Hemisphere	-	-	-	-	-	-	-	-	-	-	6,653	-	-	-	6,653
Bahamas	-	-	-	99	-	-	240	992	-	-	-	-	-	-	1,331
Belize	-	-	-	198	-	-	200	-	-	-	-	-	-	1,718	2,116
Bolivia	16,400	11,824	7,936	1,984	-	-	800	-	90,272	-	100	-	-	2,958	132,274
Brazil	9,322	7,979	-	-	-	-	-	-	8,928	-	50	-	-	-	26,279
Caribbean Regional	4,733	2,807	-	-	-	-	-	-	-	-	-	-	-	100,000	107,540
Central American Regional	5,675	12,555	-	-	-	-	-	-	-	-	-	-	-	-	18,230
Chile	-	-	-	496	-	-	600	-	-	-	-	-	-	-	1,096
Colombia	-	-	-	99,200	-	-	1,700	-	462,767	-	4,120	-	-	-	567,787
Costa Rica	-	-	-	-	-	-	-	-	-	-	-	-	-	1,732	1,732
Cuba	-	-	8,928	-	-	-	-	-	-	-	-	-	-	-	8,928
Dominican Republic	13,000	7,662	2,976	992	-	-	1,100	-	-	-	-	-	-	3,355	29,085
Eastern Caribbean	-	-	-	993	-	-	800	-	-	-	-	-	-	3,058	4,851
Ecuador	150	6,691	12,896	992	-	-	300	-	25,792	-	150	-	-	2,983	49,954
El Salvador	7,375	27,194	-	1,488	-	-	1,600	-	-	-	-	-	-	2,576	40,233
Guatemala	11,600	10,900	5,952	-	-	-	350	-	992	-	-	-	-	3,727	33,521
Guyana	-	3,457	-	99	-	13,153	300	-	-	-	-	-	-	1,539	18,548
Haiti	20,000	25,000	39,680	298	-	39,373	150	-	-	-	-	-	-	1,392	125,893
Honduras	13,340	21,606	-	992	-	-	1,100	-	-	-	-	-	-	4,035	41,073
Inter-American Development Bank - Multilateral Investment Fund	-	-	-	-	-	-	-	-	-	-	-	-	-	10,912	10,912
Inter-American Foundation	-	-	-	-	-	-	-	-	-	-	-	-	-	17,856	17,856
Jamaica	4,559	12,882	-	595	-	-	700	1,488	-	-	-	-	-	2,927	23,151
LAC Regional	10,394	32,607	-	-	-	-	-	-	-	-	-	-	-	-	43,001
Latin America Regional	-	-	-	-	-	-	-	3,224	-	-	-	-	-	-	3,224
Mexico	3,230	14,888	13,392	-	-	-	1,250	39,680	-	-	-	-	-	1,239	73,679
MRA Western Hemisphere	-	-	-	-	-	-	-	-	-	23,027	-	-	-	-	23,027
Nicaragua	7,806	26,800	3,472	496	-	-	600	-	992	-	300	-	-	2,613	43,079
OAS Demining	-	-	-	-	-	-	-	-	-	-	1,766	-	-	-	1,766
OAS Development Assistance Programs	-	-	-	-	-	-	-	-	-	-	-	-	-	4,861	4,861
OAS Fund for Strengthening Democracy	-	-	-	-	-	-	-	-	-	-	-	-	-	2,976	2,976
Panama	-	5,177	2,976	992	-	-	600	-	5,952	-	25	-	-	2,856	18,578
Paraguay	2,000	3,785	2,976	-	-	-	250	-	-	-	-	-	-	3,066	12,077
Peru	13,887	11,631	7,936	992	-	-	300	-	115,370	-	200	-	-	2,225	152,541
Peru-Ecuador Peace	-	-	2,976	-	-	-	-	-	-	-	-	-	-	-	2,976

Country/Account Summaries ('Spigots')
FY 2005
(\$ in thousands)

Countries/Accounts	CSH	DA	ESF	FMF	FSA	GHAI	IMET	INCLE	ACI	MRA	NADR	PKO	SEED	Other	Total
Regional Anticorruption Initiatives	-	-	2,976	-	-	-	-	-	-	-	-	-	-	-	2,976
South America Regional	-	2,035	-	-	-	-	-	-	-	-	-	-	-	-	2,035
Summit of the Americas Support	-	-	1,488	-	-	-	-	-	-	-	-	-	-	-	1,488
Suriname	-	-	-	99	-	-	150	-	-	-	-	-	-	1,255	1,504
Third Border Initiative	-	-	8,928	-	-	-	-	-	-	-	-	-	-	-	8,928
Trade Capacity Building	-	-	19,840	-	-	-	-	-	-	-	-	-	-	-	19,840
Tri-Border Initiative	-	-	-	-	-	-	-	-	-	-	500	-	-	-	500
Uruguay	-	-	-	397	-	-	150	-	-	-	-	-	-	-	547
Venezuela	-	-	496	-	-	-	-	-	2,976	-	-	-	-	-	3,472
Total Western Hemisphere	143,471	255,480	145,824	112,394	-	52,526	14,065	45,384	725,152	23,027	13,914	-	-	181,859	1,713,096
Global															
Anticorruption/Rule of Law	-	-	-	-	-	-	-	6,746	-	-	-	-	-	-	6,746
Asia Regional	-	-	-	-	-	-	-	496	-	-	-	-	-	-	496
Asia-Near East Regional	7,891	34,388	-	-	-	-	-	-	-	-	-	-	-	-	42,279
Asian Development Fund	-	-	-	-	-	-	-	-	-	-	-	-	-	99,200	99,200
ATA Alumni Network	-	-	-	-	-	-	-	-	-	-	500	-	-	-	500
ATA Program Management	-	-	-	-	-	-	-	-	-	-	6,000	-	-	-	6,000
ATA Senior Policy Engagement Conferences	-	-	-	-	-	-	-	-	-	-	1,000	-	-	-	1,000
Center for Human Settlements	-	-	-	-	-	-	-	-	-	-	-	-	-	149	149
Central Programs	-	-	-	-	-	251,231	-	-	-	-	-	-	-	-	251,231
Civilian Police Program	-	-	-	-	-	-	-	2,678	-	-	-	-	-	-	2,678
Counterterrorism Financing	-	-	-	-	-	-	-	-	-	-	7,192	-	-	-	7,192
CT Engagement w/Allies	-	-	-	-	-	-	-	-	-	-	1,984	-	-	-	1,984
CTBT International Monitoring System	-	-	-	-	-	-	-	-	-	-	18,848	-	-	-	18,848
Debt Restructuring	-	-	-	-	-	-	-	-	-	-	-	-	-	99,200	99,200
Demand Reduction	-	-	-	-	-	-	-	9,920	-	-	-	-	-	-	9,920
Demining Administrative Expenses	-	-	-	-	-	-	-	-	-	-	690	-	-	-	690
Demining Crosscutting Initiatives	-	-	-	-	-	-	-	-	-	-	2,750	-	-	-	2,750
Demining Mine Surveys	-	-	-	-	-	-	-	-	-	-	3,000	-	-	-	3,000
Demining New Country Programs	-	-	-	-	-	-	-	-	-	-	2,000	-	-	-	2,000
Demining Research and Training	-	-	-	-	-	-	-	-	-	-	805	-	-	-	805
Democracy, Conflict & Humanitarian Assistance	3,942	86,300	-	-	-	-	-	-	-	-	-	-	-	-	90,242
Development Credit Program - Admin. Exp.	-	-	-	-	-	-	-	-	-	-	-	-	-	7,936	7,936
Disability Programs	-	-	2,480	-	-	-	-	-	-	-	-	-	-	-	2,480
E-IMET Schools	-	-	-	-	-	-	3,000	-	-	-	-	-	-	-	3,000
Economic Growth, Agriculture and Trade	-	156,785	-	-	-	-	-	-	-	-	-	-	-	-	156,785
Enhanced International Peacekeeping Capabilities	-	-	-	1,786	-	-	-	-	-	-	-	-	-	-	1,786
Export Control Program Administration	-	-	-	-	-	-	-	-	-	-	1,500	-	-	-	1,500
Export Control Regional Advisors	-	-	-	-	-	-	-	-	-	-	7,596	-	-	-	7,596
Export-Import Bank - Administrative Expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	72,614	72,614

Country/Account Summaries ('Spigots')
FY 2005
(\$ in thousands)

Countries/Accounts	CSH	DA	ESF	FMF	FSA	GHAI	IMET	INCLE	ACI	MRA	NADR	PKO	SEED	Other	Total
Export-Import Bank - Direct Loans, Negative Subsidies	-	-	-	-	-	-	-	-	-	-	-	-	-	(55,000)	(55,000)
Export-Import Bank - Loan Subsidy	-	-	-	-	-	-	-	-	-	-	-	-	-	59,322	59,322
FMF Administrative Costs	-	-	-	39,680	-	-	-	-	-	-	-	-	-	-	39,680
General Costs	-	-	-	-	-	-	500	-	-	-	-	-	-	-	500
Global Development Alliance	-	10,000	-	-	-	-	-	-	-	-	-	-	-	-	10,000
Global Environment Facility	-	-	-	-	-	-	-	-	-	-	-	-	-	106,640	106,640
Global Health	319,051	-	-	-	-	-	-	-	-	-	-	-	-	-	319,051
Global Regional Export Controls	-	-	-	-	-	-	-	-	-	-	1,150	-	-	-	1,150
Human Rights and Democracy Fund	-	-	36,704	-	-	-	-	-	-	-	-	-	-	-	36,704
IMO Maritime Security Programs	-	-	-	-	-	-	-	-	-	-	-	-	-	99	99
INL Anticrime Programs	-	-	-	-	-	-	-	8,333	-	-	-	-	-	-	8,333
International Atomic Energy Agency Voluntary Contribution	-	-	-	-	-	-	-	-	-	-	52,576	-	-	-	52,576
International Civil Aviation Organization	-	-	-	-	-	-	-	-	-	-	-	-	-	992	992
International Conservation Programs	-	-	-	-	-	-	-	-	-	-	-	-	-	6,349	6,349
International Contributions for Scientific, Educational, and Cultural Activities	-	-	-	-	-	-	-	-	-	-	-	-	-	837	837
International Development Association	-	-	-	-	-	-	-	-	-	-	-	-	-	843,200	843,200
International Disaster and Famine Assistance	-	-	-	-	-	-	-	-	-	-	-	-	-	367,040	367,040
International Fund for Agricultural Development	-	-	-	-	-	-	-	-	-	-	-	-	-	14,880	14,880
International Law Enforcement Academies	-	-	-	-	-	-	-	12,734	-	-	-	-	-	-	12,734
International Organizations	-	-	-	-	-	-	-	5,000	-	-	-	-	-	-	5,000
International Organizations/Partnerships	419,839	-	-	-	-	-	-	-	-	-	-	-	-	-	419,839
International Panel on Climate Change/UN Framework Convention on Climate Change	-	-	-	-	-	-	-	-	-	-	-	-	-	5,952	5,952
International Partnerships	-	-	-	-	-	27,000	-	-	-	-	-	-	-	-	27,000
International Trust Fund - NADR	-	-	-	-	-	-	-	-	-	-	9,920	-	-	-	9,920
Interregional Aviation Support	-	-	-	-	-	-	-	69,440	-	-	-	-	-	-	69,440
Legislative and Public Affairs	-	2,148	-	-	-	-	-	-	-	-	-	-	-	-	2,148
Millennium Challenge Account	-	-	-	-	-	-	-	-	-	-	-	-	-	1,488,000	1,488,000
Mobile Antiterrorism Training Team (MATT)	-	-	-	-	-	-	-	-	-	-	8,085	-	-	-	8,085
Montreal Protocol Multilateral Fund	-	-	-	-	-	-	-	-	-	-	-	-	-	21,328	21,328
MRA Administrative Expenses	-	-	-	-	-	-	-	-	-	21,824	-	-	-	-	21,824
MRA Migration	-	-	-	-	-	-	-	-	-	13,719	-	-	-	-	13,719
MRA Refugee Admissions	-	-	-	-	-	-	-	-	-	137,664	-	-	-	-	137,664
MRA Strategic Global Priorities	-	-	-	-	-	-	-	-	-	61,705	-	-	-	-	61,705
New Course Development	-	-	-	-	-	-	-	-	-	-	4,595	-	-	-	4,595
Non-Proliferation and Disarmament Fund	-	-	-	-	-	-	-	-	-	-	31,744	-	-	-	31,744
Nonproliferation of WMD Expertise	-	-	-	-	-	-	-	-	-	-	50,096	-	-	-	50,096
Oceans, Environmental and Science Initiative	-	-	2,480	-	-	-	-	-	-	-	-	-	-	-	2,480

Country/Account Summaries ('Spigots')
FY 2005
(\$ in thousands)

Countries/Accounts	CSH	DA	ESF	FMF	FSA	GHAI	IMET	INCLE	ACI	MRA	NADR	PKO	SEED	Other	Total
Office of Transition Initiatives	-	-	-	-	-	-	-	-	-	-	-	-	-	48,608	48,608
OPIC - Administrative Expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	42,542	42,542
OPIC - Credit Funding	-	-	-	-	-	-	-	-	-	-	-	-	-	23,808	23,808
OPIC - Net Offsetting Collections	-	-	-	-	-	-	-	-	-	-	-	-	-	(279,350)	(279,350)
Other Bilateral Programs	-	-	-	-	-	35,000	-	-	-	-	-	-	-	-	35,000
Other Programs	-	12,426	-	-	-	-	-	-	-	-	-	-	-	-	12,426
Partnership to Eliminate Sweatshops	-	-	1,984	-	-	-	-	-	-	-	-	-	-	-	1,984
Peace Corps Other	-	-	-	-	-	-	-	-	-	-	-	-	-	148,644	148,644
Program & Policy Coordination	3,621	4,714	-	-	-	-	-	-	-	-	-	-	-	-	8,335
Program Development and Support	-	-	-	-	-	-	-	13,850	-	-	-	-	-	-	13,850
Program Equipment	-	-	-	-	-	-	-	-	-	-	5,000	-	-	-	5,000
Rapid Expansion Fund	-	-	-	-	-	117,000	-	-	-	-	-	-	-	-	117,000
Reconciliation Programs	-	-	11,904	-	-	-	-	-	-	-	-	-	-	-	11,904
Reserve to be Allocated	-	-	-	-	-	-	-	-	-	-	-	-	-	24,800	24,800
Security and Sustainability Programs	-	-	2,976	-	-	-	-	-	-	-	-	-	-	-	2,976
Strategic Information/Evaluation	-	-	-	-	-	30,000	-	-	-	-	-	-	-	-	30,000
Systems Support and Upgrades	-	-	-	-	-	-	-	694	-	-	-	-	-	-	694
Technical Oversight and Management	-	-	-	-	-	57,549	-	-	-	-	-	-	-	-	57,549
Terrorist Interdiction Program	-	-	-	-	-	-	-	-	-	-	4,960	-	-	-	4,960
Trade and Development Agency	-	-	-	-	-	-	-	-	-	-	-	-	-	51,088	51,088
Trafficking in Persons	-	-	24,304	-	-	-	-	4,960	-	-	-	-	-	-	29,264
Treasury Technical Assistance	-	-	-	-	-	-	-	-	-	-	-	-	-	18,848	18,848
U.S. Emergency Refugee and Migration Assistance Fund	-	-	-	-	-	-	-	-	-	-	-	-	-	29,760	29,760
UN Children's Fund	-	-	-	-	-	-	-	-	-	-	-	-	-	124,000	124,000
UN Development Fund for Women	-	-	-	-	-	-	-	-	-	-	-	-	-	1,984	1,984
UN Development Program	-	-	-	-	-	-	-	-	-	-	-	-	-	108,128	108,128
UN Environment Program	-	-	-	-	-	-	-	-	-	-	-	-	-	10,912	10,912
UN Voluntary Fund for Technical Cooperation in the Field of Human Rights	-	-	-	-	-	-	-	-	-	-	-	-	-	1,488	1,488
UN Voluntary Fund for Victims of Torture	-	-	-	-	-	-	-	-	-	-	-	-	-	6,944	6,944
UNIFEM Trust Fund	-	-	-	-	-	-	-	-	-	-	-	-	-	992	992
United Nations Crime Center	-	-	-	-	-	-	-	496	-	-	-	-	-	-	496
USAID Capital Investment Fund	-	-	-	-	-	-	-	-	-	-	-	-	-	58,528	58,528
USAID Inspector General Operating Expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	34,720	34,720
USAID Operating Expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	613,056	613,056
Wheelchairs	-	-	4,960	-	-	-	-	-	-	-	-	-	-	-	4,960
World Meteorological Organization	-	-	-	-	-	-	-	-	-	-	-	-	-	1,984	1,984
World Trade Organization	-	-	-	-	-	-	-	-	-	-	-	-	-	992	992
Total Global	754,344	306,761	87,792	41,466	-	517,780	3,500	135,347	-	234,912	221,991	-	-	4,211,214	6,515,107
Total FY 2005	1,537,600	1,448,320	2,480,992	4,745,232	555,520	1,373,920	89,012	326,189	725,152	763,840	398,784	177,568	393,427	4,697,686	19,713,242

Country/Account Summaries ('Spigots')
FY 2006
(\$ in thousands)

Countries/Accounts	CSH	DA	ESF	FMF	FSA	GHA1	IMET	INCLE	ACI	MRA	NADR	PKO	SEED	Other	Total
Africa															
Africa Coastal/Border Security Program	-	-	-	4,000	-	-	-	-	-	-	-	-	-	-	4,000
Africa Regional	18,611	119,710	-	-	-	-	-	600	-	-	-	41,400	-	-	180,321
Africa Regional Fund	-	-	9,700	-	-	-	-	-	-	-	-	-	-	-	9,700
African Development Bank	-	-	-	-	-	-	-	-	-	-	-	-	-	5,638	5,638
African Development Foundation	-	-	-	-	-	-	-	-	-	-	-	-	-	18,850	18,850
African Development Fund	-	-	-	-	-	-	-	-	-	-	-	-	-	135,700	135,700
African Union	-	-	-	-	-	-	200	-	-	-	-	-	-	-	200
Angola	6,800	4,544	3,000	-	-	-	400	-	-	-	6,000	-	-	-	20,744
ATA Regional - Africa	-	-	-	-	-	-	-	-	-	-	12,090	-	-	-	12,090
Benin	7,250	7,077	-	-	-	-	50	-	-	-	-	-	-	3,544	17,921
Botswana	-	-	-	500	-	40,505	700	-	-	-	-	-	-	2,006	43,711
Burkina Faso	-	-	-	-	-	-	110	-	-	-	-	-	-	3,429	3,539
Burundi	700	1,543	3,850	-	-	-	50	-	-	-	-	-	-	-	6,143
Cameroon	-	-	-	-	-	-	250	-	-	-	-	-	-	2,828	3,078
Cape Verde	-	-	-	-	-	-	120	-	-	-	-	-	-	1,743	1,863
Central Africa Regional	-	15,000	-	-	-	-	-	-	-	-	-	-	-	-	15,000
Central African Republic	-	-	-	-	-	-	50	-	-	-	-	-	-	-	50
Chad	-	-	-	-	-	-	250	-	-	-	3,000	-	-	1,909	5,159
Comoros	-	-	-	-	-	-	100	-	-	-	-	-	-	-	100
Cote d'Ivoire	-	-	-	-	-	29,906	50	-	-	-	-	-	-	-	29,956
Democratic Republic of Congo	20,950	7,427	5,000	-	-	-	150	-	-	-	-	-	-	-	33,527
Djibouti	-	-	5,000	4,000	-	-	325	-	-	-	-	-	-	-	9,325
ECOWAS	-	-	-	-	-	-	200	-	-	-	-	-	-	-	200
Equatorial Guinea	-	-	-	-	-	-	50	-	-	-	-	-	-	-	50
Eritrea	5,200	781	-	500	-	-	450	-	-	-	-	-	-	-	6,931
Ethiopia	20,590	-	5,000	2,000	-	91,855	600	-	-	-	-	-	-	25,000	145,045
Gabon	-	-	-	-	-	-	200	-	-	-	-	-	-	2,609	2,809
Gambia	-	-	-	-	-	-	100	-	-	-	-	-	-	1,906	2,006
Ghana	18,000	11,500	-	500	-	-	575	-	-	-	-	-	-	2,848	33,423
Guinea	6,650	10,888	-	-	-	-	350	-	-	-	-	-	-	2,619	20,507
Guinea-Bissau	-	-	-	-	-	-	100	-	-	-	-	-	-	-	100
Kenya	12,300	16,344	8,000	7,000	-	162,348	650	-	-	-	3,300	-	-	2,963	212,905
Lesotho	-	-	-	-	-	-	50	-	-	-	-	-	-	2,498	2,548
Liberia	2,900	7,858	75,000	2,000	-	-	-	2,000	-	-	-	-	-	-	89,758
Madagascar	10,015	10,379	-	-	-	-	200	-	-	-	-	-	-	2,251	22,845
Malawi	19,100	11,186	-	-	-	-	350	-	-	-	-	-	-	2,312	32,948
Mali	14,580	20,793	-	-	-	-	50	-	-	-	-	-	-	3,811	39,234
Mauritania	-	-	-	-	-	-	130	-	-	-	-	-	-	2,382	2,512
Mauritius	-	-	-	-	-	-	125	-	-	-	-	-	-	-	125
Military Health Affairs	-	-	-	2,000	-	-	-	-	-	-	-	-	-	-	2,000
Mozambique	10,430	18,319	-	-	-	57,757	215	-	-	-	2,500	-	-	2,283	91,504
MRA Africa	-	-	-	-	-	-	-	-	-	256,500	-	-	-	-	256,500
Namibia	-	6,887	-	-	-	49,132	100	-	-	-	-	-	-	2,684	58,803
Niger	-	-	-	-	-	-	50	-	-	-	-	-	-	3,092	3,142

Country/Account Summaries ('Spigots')
FY 2006
(\$ in thousands)

Countries/Accounts	CSH	DA	ESF	FMF	FSA	GHAI	IMET	INCLE	ACI	MRA	NADR	PKO	SEED	Other	Total
Nigeria	25,138	15,590	5,000	1,000	-	127,200	800	1,000	-	-	-	-	-	-	175,728
REDSO/ESA	11,380	17,884	-	-	-	-	-	-	-	-	-	-	-	-	29,264
Regional Center for Southern Africa	7,950	16,068	-	-	-	-	-	-	-	-	-	-	-	-	24,018
Regional Organizations	-	-	1,000	-	-	-	-	-	-	-	-	-	-	-	1,000
Republic of the Congo	-	-	-	-	-	-	100	-	-	-	-	-	-	-	100
Rwanda	4,900	5,121	-	-	-	74,765	225	-	-	-	-	-	-	-	85,011
Safe Skies	-	-	3,000	-	-	-	-	-	-	-	-	-	-	-	3,000
Sao Tome and Principe	-	-	-	-	-	-	200	-	-	-	-	-	-	-	200
Senegal	14,075	10,548	-	500	-	-	1,100	-	-	-	-	-	-	3,801	30,024
Seychelles	-	-	-	-	-	-	100	-	-	-	-	-	-	-	100
Sierra Leone	400	3,269	5,000	-	-	-	325	-	-	-	-	-	-	-	8,994
Somalia	300	986	-	-	-	-	-	-	-	-	-	-	-	-	1,286
South Africa	5,178	28,614	1,300	-	-	150,698	50	600	-	-	50	-	-	3,431	189,921
Sudan	19,000	-	20,000	-	-	-	50	-	-	-	3,300	-	-	70,000	112,350
Swaziland	-	-	-	-	-	-	100	-	-	-	-	-	-	1,598	1,698
Tanzania	11,260	8,727	-	-	-	104,672	50	-	-	-	200	-	-	2,586	127,495
Togo	-	-	-	-	-	-	120	-	-	-	-	-	-	2,616	2,736
Uganda	11,160	21,476	-	-	-	185,843	240	-	-	-	-	-	-	1,689	220,408
West Africa Regional	18,880	14,910	-	-	-	-	-	-	-	-	-	-	-	-	33,790
Zambia	11,100	13,827	-	-	-	131,587	225	-	-	-	-	-	-	3,230	159,969
Zimbabwe	11,100	1,246	2,000	-	-	-	-	-	-	-	-	-	-	-	14,346
Total Africa	325,897	428,502	151,850	24,000	-	1,206,268	11,035	4,200	-	256,500	30,440	41,400	-	323,856	2,803,948
East Asia and the Pacific															
ASEAN	-	-	2,500	-	-	-	-	-	-	-	-	-	-	-	2,500
ATA Regional - East Asia and the Pacific	-	-	-	-	-	-	-	-	-	-	8,660	-	-	-	8,660
Burma	-	-	7,000	-	-	-	-	-	-	-	-	-	-	-	7,000
Cambodia	27,400	2,200	15,000	500	-	-	50	-	-	-	3,700	-	-	-	48,850
China	-	-	-	-	-	-	-	-	-	-	-	-	-	1,807	1,807
Developing Asian Institutions Fund	-	-	250	-	-	-	-	-	-	-	-	-	-	-	250
East Asia Regional	-	-	-	-	-	-	-	-	-	-	300	-	-	-	300
East Timor	-	-	13,500	1,500	-	-	300	-	-	-	-	-	-	1,583	16,883
Environmental Programs	-	-	500	-	-	-	-	-	-	-	-	-	-	-	500
Fiji	-	-	-	500	-	-	250	-	-	-	-	-	-	1,894	2,644
Indonesia	27,540	48,424	70,000	1,000	-	-	800	5,000	-	-	5,750	-	-	-	158,514
Kiribati	-	-	-	-	-	-	-	-	-	-	-	-	-	1,313	1,313
Laos	-	-	-	-	-	-	50	1,000	-	-	3,000	-	-	-	4,050
Malaysia	-	-	-	-	-	-	900	-	-	-	1,650	-	-	-	2,550
Micronesia	-	-	-	-	-	-	-	-	-	-	-	-	-	1,773	1,773
Mongolia	-	-	7,500	2,500	-	-	875	-	-	-	-	-	-	1,872	12,747
MRA East Asia	-	-	-	-	-	-	-	-	-	21,500	-	-	-	-	21,500
Pacific Islands	-	-	100	-	-	-	-	-	-	-	-	-	-	-	100
Papua New Guinea	-	-	-	-	-	-	300	-	-	-	-	-	-	-	300
Philippines	21,400	21,525	20,000	20,000	-	-	2,900	2,000	-	-	5,150	-	-	2,973	95,948
Regional Development Mission / Asia	16,819	12,900	-	-	-	-	-	-	-	-	-	-	-	-	29,719
Regional Women's Issues	-	-	1,000	-	-	-	-	-	-	-	-	-	-	-	1,000

Country/Account Summaries ('Spigots')
FY 2006
(\$ in thousands)

Countries/Accounts	CSH	DA	ESF	FMF	FSA	GHAI	IMET	INCLE	ACI	MRA	NADR	PKO	SEED	Other	Total
Samoa	-	-	-	-	-	-	50	-	-	-	-	-	-	1,444	1,494
Singapore	-	-	-	-	-	-	-	-	-	-	800	-	-	-	800
Solomon Islands	-	-	-	-	-	-	150	-	-	-	-	-	-	30	180
South Pacific Fisheries	-	-	18,000	-	-	-	-	-	-	-	-	-	-	-	18,000
Taiwan	-	-	-	-	-	-	-	-	-	-	800	-	-	-	800
Thailand	-	-	-	1,500	-	-	2,400	1,000	-	-	1,000	-	-	2,373	8,273
Tonga	-	-	-	250	-	-	135	-	-	-	-	-	-	1,110	1,495
Vanuatu	-	-	-	-	-	-	100	-	-	-	-	-	-	2,162	2,262
Vietnam	500	4,750	-	-	-	28,015	50	-	-	-	4,350	-	-	-	37,665
Total East Asia and the Pacific	93,659	89,799	155,350	27,750	-	28,015	9,310	9,000	-	21,500	35,160	-	-	20,334	489,877
Europe and Eurasia															
Albania	-	-	-	3,500	-	-	900	-	-	-	815	-	28,000	1,914	35,129
Armenia	-	-	-	5,000	55,000	-	750	-	-	-	700	-	-	1,743	63,193
ATA Regional - Europe and Eurasia	-	-	-	-	-	-	-	-	-	-	14,950	-	-	-	14,950
Azerbaijan	-	-	-	5,000	35,000	-	750	-	-	-	5,650	-	-	1,729	48,129
Belarus	-	-	-	-	7,000	-	-	-	-	-	550	-	-	-	7,550
Bosnia and Herzegovina	-	-	-	10,000	-	-	900	-	-	-	1,075	-	40,000	-	51,975
Bulgaria	-	-	-	19,000	-	-	1,400	-	-	-	400	-	28,000	3,496	52,296
Central and Eastern Europe Regional	250	-	-	-	-	-	-	-	-	-	-	-	-	-	250
Central Asian Republics	1,000	-	-	-	-	-	-	-	-	-	-	-	-	-	1,000
Croatia	-	-	-	-	-	-	50	-	-	-	910	-	15,000	-	15,960
Cyprus	-	-	20,000	-	-	-	-	-	-	-	200	-	-	-	20,200
Czech Republic	-	-	-	6,000	-	-	1,900	-	-	-	-	-	-	-	7,900
Estonia	-	-	-	5,000	-	-	1,200	-	-	-	100	-	-	-	6,300
Europe Regional Export Controls	-	-	-	-	-	-	-	-	-	-	300	-	-	-	300
European Bank for Reconstruction and Development	-	-	-	-	-	-	-	-	-	-	-	-	-	1,016	1,016
Georgia	-	-	-	12,000	67,000	-	1,200	-	-	-	3,300	-	-	1,754	85,254
Greece	-	-	-	-	-	-	600	-	-	-	-	-	-	-	600
Hungary	-	-	-	4,000	-	-	1,575	-	-	-	-	-	-	-	5,575
International Fund for Ireland	-	-	8,500	-	-	-	-	-	-	-	-	-	-	-	8,500
Irish Visa Program	-	-	3,500	-	-	-	-	-	-	-	-	-	-	-	3,500
Kazakhstan	-	-	-	5,000	26,000	-	1,000	-	-	-	2,100	-	-	2,874	36,974
Kosovo	-	-	-	-	-	-	-	-	-	-	-	-	72,000	-	72,000
Kyrgyz Republic	-	-	-	2,000	30,000	-	1,100	-	-	-	810	-	-	1,828	35,738
Latvia	-	-	-	5,000	-	-	1,200	-	-	-	100	-	-	-	6,300
Lithuania	-	-	-	5,000	-	-	1,200	-	-	-	100	-	-	-	6,300
Macedonia	-	-	-	5,000	-	-	650	-	-	-	725	-	39,000	1,624	46,999
Malta	-	-	-	-	-	-	50	-	-	-	200	-	-	-	250
Moldova	-	-	-	500	17,000	-	900	-	-	-	320	-	-	2,380	21,100
MRA Europe	-	-	-	-	-	-	-	-	-	44,720	-	-	-	-	44,720
OSCE Regional - Europe and Eurasia	-	-	-	-	-	-	-	-	-	-	-	2,000	-	-	2,000
Poland	-	-	-	30,000	-	-	2,000	-	-	-	-	-	-	-	32,000
Portugal	-	-	-	-	-	-	600	-	-	-	-	-	-	-	600
Regional FSA	-	-	-	-	48,500	-	-	-	-	-	-	-	-	-	48,500

Country/Account Summaries ('Spigots')
FY 2006
(\$ in thousands)

Countries/Accounts	CSH	DA	ESF	FMF	FSA	GHAI	IMET	INCLE	ACI	MRA	NADR	PKO	SEED	Other	Total
Regional SEED	-	-	-	-	-	-	-	-	-	-	-	-	65,000	-	65,000
Romania	-	-	-	29,000	-	-	1,500	-	-	-	-	-	20,000	2,940	53,440
Russia	3,000	-	-	-	48,000	-	750	-	-	-	1,000	-	-	-	52,750
Serbia and Montenegro	-	-	-	-	-	-	50	-	-	-	2,090	-	75,000	-	77,140
Slovakia	-	-	-	5,000	-	-	950	-	-	-	300	-	-	-	6,250
Slovenia	-	-	-	1,000	-	-	900	-	-	-	50	-	-	-	1,950
Tajikistan	-	-	-	500	25,000	-	350	-	-	-	900	-	-	-	26,750
Turkey	-	-	10,000	25,000	-	-	3,000	-	-	-	750	-	-	-	38,750
Turkmenistan	-	-	-	400	5,500	-	300	-	-	-	400	-	-	1,486	8,086
Ukraine	2,250	-	-	16,500	88,000	-	1,700	-	-	-	3,100	-	-	4,345	115,895
Uzbekistan	-	-	-	4,000	30,000	-	600	-	-	-	500	-	-	2,293	37,393
Total Europe and Eurasia	6,500	-	42,000	203,400	482,000	-	30,025	-	-	44,720	42,395	2,000	382,000	31,422	1,266,462
Near East															
Algeria	-	-	-	-	-	-	750	-	-	-	-	-	-	-	750
ATA Regional - Near East Asia	-	-	-	-	-	-	-	-	-	-	14,390	-	-	-	14,390
Bahrain	-	-	-	19,000	-	-	650	-	-	-	-	-	-	-	19,650
Egypt	-	-	495,000	1,300,000	-	-	1,200	-	-	-	-	-	-	-	1,796,200
Iraq	-	-	360,000	-	-	-	700	26,474	-	-	27,000	-	-	-	414,174
Israel	-	-	240,000	2,280,000	-	-	-	-	-	-	-	-	-	-	2,520,000
Jordan	-	-	250,000	206,000	-	-	3,000	-	-	-	1,000	-	-	1,616	461,616
Lebanon	-	-	35,000	-	-	-	700	-	-	-	1,000	-	-	-	36,700
Libya	-	-	-	-	-	-	-	-	-	-	1,000	-	-	-	1,000
Middle East Multilaterals	-	-	2,000	-	-	-	-	-	-	-	-	-	-	-	2,000
Middle East Partnership Initiative	-	-	120,000	-	-	-	-	-	-	-	-	-	-	-	120,000
Middle East Regional	-	-	-	-	-	-	-	-	-	-	100	-	-	-	100
Middle East Regional Cooperation	-	-	5,000	-	-	-	-	-	-	-	-	-	-	-	5,000
Morocco	-	6,000	35,000	18,000	-	-	1,875	2,000	-	-	-	-	-	3,559	66,434
MRA Humanitarian Migrants to Israel	-	-	-	-	-	-	-	-	-	40,000	-	-	-	-	40,000
MRA Near East	-	-	-	-	-	-	-	-	-	134,000	-	-	-	-	134,000
Multinational Force and Observers	-	-	-	-	-	-	-	-	-	-	-	19,000	-	-	19,000
Oman	-	-	-	20,000	-	-	1,100	-	-	-	500	-	-	-	21,600
Saudi Arabia	-	-	-	-	-	-	25	-	-	-	-	-	-	-	25
Tunisia	-	-	-	10,000	-	-	1,875	-	-	-	-	-	-	-	11,875
United Arab Emirates	-	-	-	-	-	-	-	-	-	-	350	-	-	-	350
West Bank/Gaza	-	-	150,000	-	-	-	-	-	-	-	-	-	-	-	150,000
Yemen	-	-	30,000	10,000	-	-	1,100	-	-	-	2,300	-	-	-	43,400
Total Near East	-	6,000	1,722,000	3,863,000	-	-	12,975	28,474	-	174,000	47,640	19,000	-	5,175	5,878,264
South Asia															
Afghanistan	42,800	-	430,000	-	-	-	800	260,000	-	-	18,400	18,000	-	150,000	920,000
ATA Regional - South Asia	-	-	-	-	-	-	-	-	-	-	9,970	-	-	-	9,970
Bangladesh	26,200	15,700	5,000	-	-	-	900	-	-	-	-	-	-	1,776	49,576
India	48,822	29,600	14,000	-	-	-	1,200	-	-	-	600	-	-	-	94,222
Maldives	-	-	-	-	-	-	175	-	-	-	-	-	-	-	175
MRA South Asia	-	-	-	-	-	-	-	-	-	49,000	-	-	-	-	49,000

Country/Account Summaries ('Spigots')
FY 2006
(\$ in thousands)

Countries/Accounts	CSH	DA	ESF	FMF	FSA	GHAI	IMET	INCLE	ACI	MRA	NADR	PKO	SEED	Other	Total
Nepal	23,000	11,392	5,000	4,000	-	-	650	-	-	-	-	-	-	-	44,042
Pakistan	20,500	29,000	300,000	300,000	-	-	2,044	40,000	-	-	6,700	-	-	-	698,244
South Asia Regional Fund	-	-	2,500	-	-	-	-	-	-	-	-	-	-	-	2,500
Sri Lanka	300	6,624	9,000	1,000	-	-	450	-	-	-	3,800	1,000	-	-	22,174
Total South Asia	161,622	92,316	765,500	305,000	-	-	6,219	300,000	-	49,000	39,470	19,000	-	151,776	1,889,903
Western Hemisphere															
Air Bridge Denial Program	-	-	-	-	-	-	-	-	21,000	-	-	-	-	-	21,000
Argentina	-	-	-	1,000	-	-	1,100	-	-	-	100	-	-	-	2,200
ATA Regional - Western Hemisphere	-	-	-	-	-	-	-	-	-	-	5,310	-	-	-	5,310
Bahamas	-	-	-	100	-	-	240	500	-	-	-	-	-	-	840
Belize	-	-	-	200	-	-	200	-	-	-	-	-	-	1,685	2,085
Bolivia	14,887	14,454	8,000	1,800	-	-	800	-	80,000	-	-	-	-	2,931	122,872
Brazil	9,189	7,134	750	-	-	-	50	-	6,000	-	75	-	-	-	23,198
Caribbean Regional	4,733	4,922	-	-	-	-	-	-	-	-	-	-	-	-	9,655
Central American Regional	5,839	8,008	-	-	-	-	-	-	-	-	-	-	-	-	13,847
Chile	-	-	-	750	-	-	600	-	-	-	-	-	-	-	1,350
Colombia	-	-	-	90,000	-	-	1,700	-	463,000	-	4,120	-	-	-	558,820
Costa Rica	-	-	-	-	-	-	50	-	-	-	-	-	-	1,628	1,678
Cuba	-	-	15,000	-	-	-	-	-	-	-	-	-	-	-	15,000
Dominican Republic	10,548	9,080	3,000	1,000	-	-	1,100	-	-	-	-	-	-	3,350	28,078
Eastern Caribbean	-	-	-	1,250	-	-	775	-	-	-	-	-	-	2,953	4,978
Ecuador	-	7,429	7,000	750	-	-	50	-	20,000	-	200	-	-	2,844	38,273
El Salvador	6,465	18,889	-	13,000	-	-	1,600	-	-	-	-	-	-	2,558	42,512
Guatemala	9,896	9,661	4,000	500	-	-	400	2,500	-	-	-	-	-	3,589	30,546
Guyana	-	3,938	-	100	-	21,362	300	-	-	-	-	-	-	1,515	27,215
Haiti	19,320	-	50,000	1,000	-	46,995	215	15,000	-	-	-	-	-	31,414	163,944
Hemispheric Cooperation Program	-	-	12,000	-	-	-	-	-	-	-	-	-	-	-	12,000
Honduras	10,853	19,925	-	1,000	-	-	1,100	-	-	-	-	-	-	3,828	36,706
Inter-American Development Bank - Multilateral Investment Fund	-	-	-	-	-	-	-	-	-	-	-	-	-	1,742	1,742
Inter-American Foundation	-	-	-	-	-	-	-	-	-	-	-	-	-	17,826	17,826
Inter-American Investment Corporation	-	-	-	-	-	-	-	-	-	-	-	-	-	1,742	1,742
Jamaica	3,292	10,905	-	600	-	-	700	1,000	-	-	-	-	-	2,867	19,364
LAC Regional	6,344	40,939	-	-	-	-	-	-	-	-	-	-	-	-	47,283
Latin America Regional	-	-	-	-	-	-	-	2,000	-	-	-	-	-	-	2,000
Mexico	3,230	16,208	11,500	2,500	-	-	1,100	30,000	-	-	-	-	-	1,748	66,286
MRA Western Hemisphere	-	-	-	-	-	-	-	-	-	26,000	-	-	-	-	26,000
Nicaragua	5,976	21,311	1,875	750	-	-	600	-	-	-	-	-	-	2,452	32,964
OAS Demining	-	-	-	-	-	-	-	-	-	-	1,600	-	-	-	1,600
OAS Development Assistance Programs	-	-	-	-	-	-	-	-	-	-	-	-	-	5,225	5,225
OAS Fund for Strengthening Democracy	-	-	-	-	-	-	-	-	-	-	-	-	-	2,500	2,500
Operation Enduring Friendship	-	-	-	5,000	-	-	-	-	-	-	-	-	-	-	5,000
Panama	-	6,604	2,000	1,100	-	-	600	-	4,500	-	50	-	-	2,571	17,425
Paraguay	1,477	6,788	2,550	-	-	-	50	-	-	-	-	-	-	2,915	13,780
Peru	11,950	15,354	8,000	300	-	-	50	-	97,000	-	200	-	-	2,451	135,305

Country/Account Summaries ('Spigots')
FY 2006
(\$ in thousands)

Countries/Accounts	CSH	DA	ESF	FMF	FSA	GHAI	IMET	INCLE	ACI	MRA	NADR	PKO	SEED	Other	Total
Peru-Ecuador Peace	-	-	4,000	-	-	-	-	-	-	-	-	-	-	-	4,000
Regional Anticorruption Initiatives	-	-	3,000	-	-	-	-	-	-	-	-	-	-	-	3,000
Regional Security Fund - WHA	-	-	1,500	-	-	-	-	-	-	-	-	-	-	-	1,500
South America Regional	1,347	2,298	-	-	-	-	-	-	-	-	-	-	-	-	3,645
Summit of the Americas Support	-	-	3,000	-	-	-	-	-	-	-	-	-	-	-	3,000
Suriname	-	-	-	100	-	-	150	-	-	-	-	-	-	1,245	1,495
Third Border Initiative	-	-	6,000	-	-	-	-	-	-	-	-	-	-	-	6,000
Tri-Border Initiative	-	-	-	-	-	-	-	-	-	-	500	-	-	-	500
Trinidad and Tobago	-	-	-	-	-	-	50	-	-	-	-	-	-	-	50
Uruguay	-	-	-	150	-	-	50	-	-	-	-	-	-	-	200
Venezuela	-	-	500	-	-	-	50	-	3,000	-	-	-	-	-	3,550
WHA Regional	-	-	-	-	-	-	-	-	-	-	50	-	-	-	50
Total Western Hemisphere	125,346	223,847	143,675	122,950	-	68,357	13,680	51,000	694,500	26,000	12,205	-	-	103,579	1,585,139
Global															
Anticorruption/Rule of Law	-	-	-	-	-	-	-	3,000	-	-	-	-	-	-	3,000
Asia-Near East Regional	3,610	18,852	-	-	-	-	-	-	-	-	-	-	-	-	22,462
Asian Development Fund	-	-	-	-	-	-	-	-	-	-	-	-	-	115,250	115,250
ATA Program Management	-	-	-	-	-	-	-	-	-	-	7,550	-	-	-	7,550
ATA Senior Policy Engagement	-	-	-	-	-	-	-	-	-	-	1,000	-	-	-	1,000
Conferences															
Central Programs	-	-	-	-	-	392,825	-	-	-	-	-	-	-	-	392,825
Civilian Police Program	-	-	-	-	-	-	-	2,700	-	-	-	-	-	-	2,700
Conflict Response Fund	-	-	-	-	-	-	-	-	-	-	-	-	-	100,000	100,000
Counterterrorism Financing	-	-	-	-	-	-	-	-	-	-	7,500	-	-	-	7,500
Critical Flight Safety Program	-	-	-	-	-	-	-	-	40,000	-	-	-	-	-	40,000
CT Engagement w/Allies	-	-	-	-	-	-	-	-	-	-	2,000	-	-	-	2,000
CTBT International Monitoring System	-	-	-	-	-	-	-	-	-	-	14,350	-	-	-	14,350
Debt Restructuring	-	-	-	-	-	-	-	-	-	-	-	-	-	99,750	99,750
Demand Reduction	-	-	-	-	-	-	-	3,000	-	-	-	-	-	-	3,000
Demining Administrative Expenses	-	-	-	-	-	-	-	-	-	-	700	-	-	-	700
Demining Crosscutting Initiatives	-	-	-	-	-	-	-	-	-	-	2,400	-	-	-	2,400
Demining Emergency Response	-	-	-	-	-	-	-	-	-	-	2,000	-	-	-	2,000
Demining New Country Programs	-	-	-	-	-	-	-	-	-	-	1,000	-	-	-	1,000
Demining Post-Graduation Support	-	-	-	-	-	-	-	-	-	-	300	-	-	-	300
Democracy, Conflict & Humanitarian Assistance	2,050	74,706	-	-	-	-	-	-	-	-	-	-	-	-	76,756
Development Credit Program - Admin. Exp.	-	-	-	-	-	-	-	-	-	-	-	-	-	8,000	8,000
E-IMET Schools	-	-	-	-	-	-	3,000	-	-	-	-	-	-	-	3,000
Economic Growth, Agriculture and Trade	-	150,600	-	-	-	-	-	-	-	-	-	-	-	-	150,600
Export Control Program Administration	-	-	-	-	-	-	-	-	-	-	2,253	-	-	-	2,253
Export Control Regional Advisors	-	-	-	-	-	-	-	-	-	-	6,827	-	-	-	6,827
Export-Import Bank - Administrative Expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	73,200	73,200

Country/Account Summaries ('Spigots')
FY 2006
(\$ in thousands)

Countries/Accounts	CSH	DA	ESF	FMF	FSA	GHAI	IMET	INCLE	ACI	MRA	NADR	PKO	SEED	Other	Total
Export-Import Bank - Direct Loans, Negative Subsidies	-	-	-	-	-	-	-	-	-	-	-	-	-	(50,000)	(50,000)
Export-Import Bank - Inspector General	-	-	-	-	-	-	-	-	-	-	-	-	-	1,000	1,000
Export-Import Bank - Loan Subsidy	-	-	-	-	-	-	-	-	-	-	-	-	-	186,500	186,500
FMF Administrative Costs	-	-	-	42,500	-	-	-	-	-	-	-	-	-	-	42,500
General Costs	-	-	-	-	-	-	500	-	-	-	-	-	-	-	500
Global Development Alliance	-	10,000	-	-	-	-	-	-	-	-	-	-	-	-	10,000
Global Environment Facility	-	-	-	-	-	-	-	-	-	-	-	-	-	107,500	107,500
Global Health	279,449	-	-	-	-	-	-	-	-	-	-	-	-	-	279,449
Global Peace Operations Initiative	-	-	-	-	-	-	-	-	-	-	-	114,400	-	-	114,400
Global Regional Export Controls	-	-	-	-	-	-	-	-	-	-	6,650	-	-	-	6,650
Human Rights and Democracy Fund	-	-	27,000	-	-	-	-	-	-	-	-	-	-	-	27,000
IMO Maritime Security Programs	-	-	-	-	-	-	-	-	-	-	-	-	-	400	400
INL Anticrime Programs	-	-	-	-	-	-	-	10,000	-	-	-	-	-	-	10,000
International Atomic Energy Agency Voluntary Contribution	-	-	-	-	-	-	-	-	-	-	50,000	-	-	-	50,000
International Civil Aviation Organization	-	-	-	-	-	-	-	-	-	-	-	-	-	950	950
International Conservation Programs	-	-	-	-	-	-	-	-	-	-	-	-	-	5,914	5,914
International Contributions for Scientific, Educational, and Cultural Activities	-	-	-	-	-	-	-	-	-	-	-	-	-	1,000	1,000
International Development Association	-	-	-	-	-	-	-	-	-	-	-	-	-	950,000	950,000
International Disaster and Famine Assistance	-	-	-	-	-	-	-	-	-	-	-	-	-	655,500	655,500
International Fund for Agricultural Development	-	-	-	-	-	-	-	-	-	-	-	-	-	15,000	15,000
International Law Enforcement Academies	-	-	-	-	-	-	-	13,500	-	-	-	-	-	-	13,500
International Organizations	-	-	-	-	-	-	-	10,000	-	-	-	-	-	-	10,000
International Organizations/Partnerships	250,210	-	-	-	-	-	-	-	-	-	-	-	-	-	250,210
International Panel on Climate Change/UN Framework Convention on Climate Change	-	-	-	-	-	-	-	-	-	-	-	-	-	5,320	5,320
International Partnerships	-	-	-	-	-	127,000	-	-	-	-	-	-	-	-	127,000
International Trust Fund - NADR	-	-	-	-	-	-	-	-	-	-	10,000	-	-	-	10,000
Interregional Aviation Support	-	-	-	-	-	-	-	70,000	-	-	-	-	-	-	70,000
Legislative and Public Affairs	-	1,816	-	-	-	-	-	-	-	-	-	-	-	-	1,816
Millennium Challenge Account	-	-	-	-	-	-	-	-	-	-	-	-	-	3,000,000	3,000,000
Mobile Antiterrorism Training Team (MATT)	-	-	-	-	-	-	-	-	-	-	8,085	-	-	-	8,085
Montreal Protocol Multilateral Fund	-	-	-	-	-	-	-	-	-	-	-	-	-	21,500	21,500
MRA Administrative Expenses	-	-	-	-	-	-	-	-	-	22,000	-	-	-	-	22,000
MRA Migration	-	-	-	-	-	-	-	-	-	14,000	-	-	-	-	14,000
MRA Refugee Admissions	-	-	-	-	-	-	-	-	-	223,050	-	-	-	-	223,050
MRA Strategic Global Priorities	-	-	-	-	-	-	-	-	-	62,000	-	-	-	-	62,000
Multilateral Investment Guarantee Agency	-	-	-	-	-	-	-	-	-	-	-	-	-	1,742	1,742
New Country Programs	-	-	-	-	-	-	-	-	-	-	700	-	-	-	700
New Course Development	-	-	-	-	-	-	-	-	-	-	3,375	-	-	-	3,375

Country/Account Summaries ('Spigots')
FY 2006
(\$ in thousands)

Countries/Accounts	CSH	DA	ESF	FMF	FSA	GHAI	IMET	INCLE	ACI	MRA	NADR	PKO	SEED	Other	Total
Non-Proliferation and Disarmament Fund	-	-	-	-	-	-	-	-	-	-	37,500	-	-	-	37,500
Nonproliferation of WMD Expertise	-	-	-	-	-	-	-	-	-	-	52,600	-	-	-	52,600
Oceans, Environmental and Science Initiative	-	-	9,000	-	-	-	-	-	-	-	-	-	-	-	9,000
Office of Transition Initiatives	-	-	-	-	-	-	-	-	-	-	-	-	-	50,000	50,000
OPIC - Administrative Expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	42,274	42,274
OPIC - Credit Funding	-	-	-	-	-	-	-	-	-	-	-	-	-	20,276	20,276
OPIC - Net Offsetting Collections	-	-	-	-	-	-	-	-	-	-	-	-	-	(223,000)	(223,000)
Other Bilateral Programs	-	-	-	-	-	50,000	-	-	-	-	-	-	-	-	50,000
Peace Corps Other	-	-	-	-	-	-	-	-	-	-	-	-	-	174,097	174,097
Program & Policy Coordination	3,157	6,795	-	-	-	-	-	-	-	-	-	-	-	-	9,952
Program Development and Support	-	-	-	-	-	-	-	14,000	-	-	-	-	-	-	14,000
Program Equipment	-	-	-	-	-	-	-	-	-	-	8,500	-	-	-	8,500
Reconciliation Programs	-	-	8,000	-	-	-	-	-	-	-	-	-	-	-	8,000
Strategic Information/Evaluation	-	-	-	-	-	35,000	-	-	-	-	-	-	-	-	35,000
Technical Oversight and Management	-	-	-	-	-	62,535	-	-	-	-	-	-	-	-	62,535
Terrorist Interdiction Program	-	-	-	-	-	-	-	-	-	-	7,500	-	-	-	7,500
Trade and Development Agency	-	-	-	-	-	-	-	-	-	-	-	-	-	48,900	48,900
Trafficking in Persons	-	-	12,000	-	-	-	-	5,000	-	-	-	-	-	-	17,000
Treasury Technical Assistance	-	-	-	-	-	-	-	-	-	-	-	-	-	20,000	20,000
U.S. Emergency Refugee and Migration Assistance Fund	-	-	-	-	-	-	-	-	-	-	-	-	-	40,000	40,000
UN Children's Fund	-	-	-	-	-	-	-	-	-	-	-	-	-	114,000	114,000
UN Development Fund for Women	-	-	-	-	-	-	-	-	-	-	-	-	-	950	950
UN Development Program	-	-	-	-	-	-	-	-	-	-	-	-	-	95,000	95,000
UN Environment Program	-	-	-	-	-	-	-	-	-	-	-	-	-	9,524	9,524
UN International Democracy Fund (UNIDF)	-	-	-	-	-	-	-	-	-	-	-	-	-	10,000	10,000
UN Office for the Coordination of Humanitarian Affairs (UN OCHA)	-	-	-	-	-	-	-	-	-	-	-	-	-	600	600
UN Voluntary Fund for Technical Cooperation in the Field of Human Rights	-	-	-	-	-	-	-	-	-	-	-	-	-	1,425	1,425
UN Voluntary Fund for Victims of Torture	-	-	-	-	-	-	-	-	-	-	-	-	-	4,750	4,750
USAID Capital Investment Fund	-	-	-	-	-	-	-	-	-	-	-	-	-	77,700	77,700
USAID Inspector General Operating Expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	36,000	36,000
USAID Operating Expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	680,735	680,735
World Meteorological Organization	-	-	-	-	-	-	-	-	-	-	-	-	-	1,900	1,900
World Trade Organization	-	-	-	-	-	-	-	-	-	-	-	-	-	950	950
Total Global	538,476	262,769	56,000	42,500	-	667,360	3,500	131,200	40,000	321,050	232,790	114,400	-	6,504,607	8,914,652
Total FY 2006	1,251,500	1,103,233	3,036,375	4,588,600	482,000	1,970,000	86,744	523,874	734,500	892,770	440,100	195,800	382,000	7,140,749	22,828,245