

## SOUTH AND CENTRAL ASIA

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## Afghanistan

(\$ in thousands)

Account	FY 2005 Actual	FY 2006 Estimate	FY 2007 Request
CSH	38,000	41,449	42,800
DA	164,000	148,500	150,000
ESF	223,200	425,700	610,000
ESF-SUP	1,086,600	-	-
FMF	396,800	-	-
IMET	945	792	1,185
INCLE	89,280	232,650	297,390
INCLE-SUP	620,000	-	-
NADR-ATA	6,064	12,073	6,050
NADR-ATA-SUP	17,100	-	-
NADR-CTF	1,170	700	400
NADR-EXBS	350	400	500
NADR-HD	13,700	13,500	13,700
NADR-SALW	3,000	1,000	1,500
NADR-TIP	100	500	400
P.L. 480 Title II	56,950	2,093	-
PKO	15,500	-	-

Ensuring that Afghanistan continues on its path toward becoming a stable, democratic state will remain a top U.S. national security priority in FY 2007, a fact underlined in May 2005 with the signing of a Strategic Partnership between the two countries. Afghanistan's ongoing development is critical to both regional stability and to success in the global war on terrorism. With successful and transparent parliamentary elections now finished, the Bonn process is now complete and 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 2007, U.S. assistance will sustain and build on FY 2006 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, including construction of roads and power generation projects; 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 led 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 26,500 ANA troops. The Afghan defense establishment is projected to eventually reach up to 70,000 military and civilian personnel. We anticipate training at least 33,000 personnel by the end of calendar year 2006.

The ANA Central Corps is fully formed and is one of five established Regional Corps headquarters in Kabul (Central Corps), Gardez, Herat, Kandahar, and Mazar-i-Sharif. In FY 2007, security assistance to

the ANA will be channeled through the Afghan Security Forces Fund (ASFF), a Department of Defense account.

The International Military Education and Training (IMET) program is an integral part of the long-term Afghan National Army (ANA) training program and will complement ongoing training efforts. In FY 2007, \$1.185 million in IMET will continue to fund courses that help instill the nascent ANA's personnel with basic democratic values and internationally recognized human rights views. The program has provided English language laboratories and has established a solid English language program in Afghanistan. Additional funding is necessary to train the growing ANA and advance the long-term development of a sustainable ANA. FY 2007 IMET funding will support training at U.S. Army career courses in the areas of Armor, Artillery, Infantry, and Logistics), logistics and maintenance training for junior members of the Afghan Air Element Forces, and in-country English language training, including train-the-trainer courses; training for senior leadership at U.S. service staff colleges and in strategic courses, including E-IMET for Ministry of Defense civilian leaders; and training to develop skills needed by the military to support combat forces and enhance interoperability, such as air traffic control, communications, legal, medical, engineering, and border patrol skills.

Afghanistan will be eligible in FY 2007 to receive grant Excess Defense Articles (EDA) under section 516 of the Foreign Assistance Act to further the goals of the Afghan Security Forces 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 2007 INCLE funds will contribute to 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. In particular, improving the rule of law and legal awareness will directly support police and counter-narcotics efforts. With a focus on criminal justice and in close coordination with the Government of Afghanistan and other international actors, FY 2007 INCLE funds will establish or continue FY 2005 and FY 2006 programs in the following areas:

- **Institutional Development:** Contribute to institutional development through post-conflict legal reform advisors to Afghan justice institutions including the Ministry of Justice and Interior and the Attorney General's Office to provide criminal justice reform expertise and to improve coordination between them. Provide mentoring assistance and infrastructure and equipment support to Kabul and provincial criminal justice systems.
- **Legal Education and Training:** Provide coordinated training for justice and law enforcement personnel to ensure fair and transparent investigation, prosecution and punishment of crimes; support general and specialized training for judges, prosecutors, investigators, and defense attorneys on issues such as corruption, trafficking, counternarcotics, and prosecutions.
- **Correctional Facility Reform:** Contribute to the establishment of a professional prison system through a comprehensive nationwide corrections program including corrections training, advisory services, institutional capacity-building; infrastructure support through refurbishment and construction, and salary and equipment support.
- **Legal Awareness and Professional Development:** Support the National Legal Training Center, professional legal associations, and law schools; improve public access to justice through legal aid clinics; and advance the reintegration of women into the legal sector.

Finally, FY 2007 INCLE funds will also be used to continue the robust, five-pillar counter-narcotics effort begun in FY 2005, which integrates alternative development, opium poppy elimination/eradication, law enforcement, interdiction, and public information/demand reduction. Programs will include continued support for: the Afghan Government's expanded poppy elimination and eradication programs, operating at both provincial and national levels to proactively discourage poppy cultivation and, where it is planted, to encourage governor-led and national eradication efforts early enough for it to be replaced with legitimate crops; drug law enforcement and interdiction programs, including the Counternarcotics Police of Afghanistan, the DEA-assisted National Interdiction Unit and the National Interdiction Center; public awareness programs reinforcing traditional Muslim strictures and current high-level GOA messages forbidding any involvement with narcotics; and demand reduction programs in conjunction with international non-governmental organizations to strengthen the capacity of Afghan governmental institutions and community-based groups to protect the public and wean addicts from drug dependency. Counternarcotics assistance will continue to include an increasingly robust, rotary and fixed-wing aviation support program to serve as a force multiplier for poppy elimination and manual eradication programs, as well as for other counternarcotics efforts as available and required.

In FY 2007, the United States will also assist Afghanistan's efforts to detect, investigate and root out terrorist networks proactively through the Non-proliferation, Anti-terrorism, Demining, and Related Programs – Anti-Terrorism Assistance (NADR-ATA) program, which aims to build partner countries' capabilities in conducting terrorism investigations. NADR-ATA funds will help institutionalize the Afghan Presidential Protective Service (PPS), enabling Afghan forces to protect Afghan leadership without U.S. assistance. In addition, NADR-ATA will fund investigation training for Afghan forces, in topics such as explosive incident countermeasures, 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.

The \$400,000 request to fund NADR- Counterterrorism Financing (NADR-CTF) programs will support basic financial investigations, cash courier training, prosecutor training and development of a financial intelligence unit (FIU). These programs are crucial to U.S. national security, as they help prevent the abuse of financial institutions, business, cash couriers, and charitable organizations as conduits for money to terrorist organizations. The FY 2007 request to fund the NADR-Terrorist Interdiction Program (NADR-TIP) in Afghanistan will provide upgrades to the software currently operating on the watchlisting system deployed to Kabul airport, replacement hardware, and provide for some infrastructure required to support future expansion of the project to selected land border crossings.

FY 2007 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-SA/LW) program funding is requested to collect and destroy surplus and abandoned weapons in Afghanistan, including Man-Portable Air Defense Systems (MANPADS).

FY 2007 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 is requested to provide focused support to Embassy Kabul's Border Management Initiative and its related Islam Qalah pilot project and complete a thorough assessment of the Afghanistan export control system.

Afghanistan's successful and transparent 2005 parliamentary elections highlighted the significant strides the country has taken since the defeat of the Taliban in 2001. Opponents who previously settled scores through

violent confrontation now face off in the political arena, a significant achievement following 25 years of war. Economic Support Funds (ESF) provided to the UN mission in Afghanistan were instrumental in supporting the parliamentary elections. In FY 2007, ESF will be used to continue support for democracy and governance programs, including supporting justice sector and parliamentary development; training elected government officials and justice sector personnel; bolstering 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 2007 by assisting the Afghan Government with direct budget support through the Afghanistan Reconstruction Trust Fund (ARTF), infrastructure, and development of domestic revenue generation.

Approximately half of Afghanistan's 28 million people are unemployed and live in poverty. Virtually all of the country's institutions and much of its infrastructure have been destroyed. The newly elected government must continue to demonstrate tangible benefits for the Afghan people following the completion of the Bonn Accords. Completion of the southern ring road (Kabul-Kandahar-Herat road), targeted for December 2006, and 1000 km of secondary and district farm-to-market roads will have a measurable impact in this regard. A significant portion of the requested FY 2007 ESF and Development Assistance (DA) funds will be used to build and rehabilitate critical power generation infrastructure including: construction of a gas-fired power plant in northern Afghanistan; rehabilitation of electrical transmission grids from the Kajaki Hydroelectric Dam to Kandahar and Lashkar Gah in southern Afghanistan; implementation of cost recovery mechanisms; and capacity-building in order to reinforce US investments in the power sector. FY 2007 ESF and DA 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 quick impact 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 2007 DA 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 2007 will aim to provide employment for Afghans and promote alternative crops in poppy-growing areas. The Alternative Livelihoods program, in particular, will target poppy production in nine poppy producing provinces, promoting sustainable regional development and providing cash for work programs to individuals foregoing poppy cultivation. Credit programs for operating and investment capital will support production and processing activities. DA-funded rural development programs include: 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 DA 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 2007. Health programs will continue to support provision of basic child health services with increased management and oversight from the Ministry of Public Health. Support for health worker capacity building

and health system quality improvement will continue. Behavior change activities initiated in FY 2006 will continue toward improved family knowledge, access and use of services for improved child health.

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 2007, with up to 600,000 refugees expected. FY 2007 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 2007 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; providing accelerated learning courses to more than 98,600 girls; and providing maternal health care benefiting 1.8 million women and children. A significant portion of FY 2007 ESF, DA, 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; and,
- Curriculum development and training for doctors and health care workers; and Maternal and child health and nutrition.

## Bangladesh

(\$ in thousands)

Account	FY 2005 Actual	FY 2006 Estimate	FY 2007 Request
CSH	33,412	26,384	25,884
DA	16,535	10,859	8,400
ESF	4,960	4,950	5,000
FMF	248	990	875
IMET	1,035	891	985
NADR-ATA	493	100	3,413
NADR-CTF	100	100	100
NADR-TIP	300	-	200
P.L. 480 Title II	22,122	29,934	46,000
Peace Corps	1,773	1,804	1,870

It is in the U.S. interest to assist Bangladesh, the seventh most populous country and one of a handful of moderate Muslim-majority democracies, to meet steep political and economic challenges. Bangladesh remains beset by strong political divisions and corruption. 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 terrorism in South Asia.

FY 2007 Economic Support Funds (ESF), Development Assistance (DA), and Child Survival and Health (CSH) requested for Bangladesh are 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. Anti-corruption efforts are not limited to individual actions but are part of an integrated crosscutting approach that will be incorporated into all aspects of our assistance. FY 2007 DA for democracy is requested to: intensify anticorruption efforts begun in FY 2003; support political party reform to help overcome divisiveness and improve accountability; strengthen local government and promote decentralization of policy reform; build advocacy skills; and promote human rights. For example, we plan to support anti-corruption efforts such as developing a financial management system for intergovernmental transfers and providing technical assistance to increase fiscal transparency. Similarly, our plans are to conduct party reform following the national elections, to strengthen local government management systems and to expand participatory planning.

In FY 2007, ESF will complement these efforts through added support for anti-corruption programs and political party and parliamentary reform. Specifically, the following targeted ESF investments will support the USG's strategic goals and help prevent Bangladesh from slipping into a 'failed state' status:

- Political Party Reform Program:* Promotion of democracy in the Muslim world is a key U.S. foreign policy goal. Bangladesh is an important moderate Muslim country with a functioning, albeit vulnerable, electoral system. Specific activities include: promoting democratic reform in the major political parties; strengthening the capacity of local and national political organizations to communicate with voters and represent them more effectively; improving political parties' and legislators'

understanding of the importance of public opinion and responsiveness to the public; expanding the participation, leadership development, and influence of women, youth, and minorities in political parties; and critically in 2007, addressing party reactions to the parliamentary elections that will take place no later than January 2007. With FY 2004 ESF funding, 355 mid-level political leaders from all major parties participated in several leadership and membership outreach training sessions throughout the country. Over 4,800 members of youth wings of major political parties participated in youth festivals and training events aimed at better defining youth-related issues in party platforms. Two major events were staged bringing together garment workers and political party representatives on proposed actions in light of the expiration of the Multi-Fiber Agreement and its fall-out. Public opinion research and surveys were also carried out. FY 2007 ESF will support training courses for other mid-level political and for youth leaders, will help major parties to assess election results and post-election actions and will assist parties in developing more democratic internal procedures and outreach to constituents.

- *Parliamentary Reform Program:* By January 2007 Bangladesh will have national elections and a new Parliament installed soon after. Deeply intertwined with political party support is much-needed Parliamentary reform. This provides an historic opportunity to: train new legislators; establish viable standing committees; create institutional capacity for budget analysis; increase citizen participation in the legislative process; and promote a greater role for opposition lawmakers. FY 2007 ESF will be used to train legislators on their roles and responsibilities and assist in establishing a technical support office with budget analysis capabilities for standing committees.
- *Leaders-of-Influence Initiative:* Authority in Bangladesh is commonly derived from different sources. Imams and other Islamic religious leaders in most communities often have a strong say on local issues. Engaging Imams and other leaders-of-influence (LOI) to understand the complexities of development programs, to explain the positive effects of U.S.-sponsored activities in their communities, and to reach out and involve their communities in local development efforts will enhance mutual understanding between the societies. Having successfully piloted an approach with the Government-sponsored Islamic Foundation, the United States plans to expand this program with FY 2007 ESF resources. So far, in less than a year of field work, 2,214 Imams throughout the country have participated in this program. This development orientation course is quickly becoming an integrated and standard component of the Islamic Foundation's programs, having already been tested on 22 training groups in seven of its training academies. There is also growing evidence that those exposed to this program are applying what they have learned in their communities. Building strong, productive relationships with LOI assists in consolidating the foundation for democratic governance and should contribute to deterring extremism.
- *Promoting Anti-Corruption Initiatives:* The Bangladesh Government cannot be accountable if it lacks clear and reliable financial data to review. The Comptroller General's Office (CGO) has a key function of auditing, internal control and financial reporting. These areas all require strengthening through training not only for CGO staff but also for line Ministry auditors and financial managers. Systems need to be improved, and the CGO could be further strengthened through legislative and regulatory changes that buttress its independence. Clear, reliable financial data on public spending are at the core of fighting corruption and creating greater transparency in public administration. FY 2007 ESF will be used to train CGO and other government financial managers and auditors, provide technical assistance and equipment to improve their auditing, internal control and reporting systems and assist them in drafting appropriate regulatory legislation.

The United States also supports a multi-donor effort to develop a government anticorruption strategy. Funds have been used to encourage a decentralization debate at the local level and establish local government associations at the union 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 2007 ESF and DA will also be used to accelerate Bangladesh's economic growth and provide greater access to the global economy for the Bangladesh's people. A dependable, reputable banking sector is a key component of the Government's economic development plans. Through an interagency agreement, FY 2007 ESF funds will also support banking supervision, information/communications technology development, and other assistance to the Central Bank. In cooperation with the U.S. Treasury Department, we have, for the past three years supported a resident advisor who provides technical assistance to the Central Bank. This advisor has produced measurable improvements in efficiency and accountability in the Bank's management systems that, ultimately, help uproot illicit money laundering plaguing the financial sector. In FY 2006, e-learning curricula on bank supervision and anti-money laundering are being launched to supplement and re-enforce the Treasury's and the Department of Justice's technical assistance. This assistance will enhance the Bank's ability to regulate effectively and efficiently and to supervise other financial institutions. This improved capacity in the Central Bank enables it to prevent and detect financial crimes in the banking sector through modern anti-money laundering concepts and procedures.

DA and ESF funds will complement these efforts, helping to diversify exports and accelerate economic growth, by supporting technical assistance and training. We plan to improve private sector competitiveness, to promote trade development through regional trade fairs, to strengthen human resource capacity and to incorporate information and communications technology. We will also continue to support vocational and technical education through programs that aim to expand opportunities in the workforce for women and youth.

U.S. support for energy reform efforts focuses on supporting the nascent independent energy regulatory body in order to make it fully operational. We will also provide technical assistance to rural electric cooperatives, strengthening their business operations and sector management. We plan to support partnerships between Bangladeshi and U.S. utility companies and power administrations to expand renewable energy to non-grid rural areas through home solar systems.

DA programs help to diversify exports and increase sales/earnings for assisted businesses, including in the agricultural sector. For example, we plan to use DA funds to promote biodiversity, to create market linkages for natural products and to support creation of a protected area management and financing system.

Finally, FY 2007 DA will be used to improve early childhood and primary education. Assistance will increase early childhood development opportunities, such as a successful "Sesame Street Bangladesh" co-production. It will also promote innovative learning methodologies; and expand community and family involvement in schools to strengthen demand for educational opportunity.

FY 2007 CSH funds target essential reproductive and maternal health care needs. Bangladesh remains one of the poorest countries in the world with nearly half of its more than 140 million people living below the national poverty level of \$1 per day. We plan to improve availability of child health care and immunization efforts, and maternal health and safe delivery at the community level. CSH funds will also support HIV/AIDS surveillance, research and national level coordination, and TB and Avian Influenza prevention. In addition, CSH will be used for family planning and the social marketing of contraceptives.

We will also use DA funds to continue community-led hygiene education, water and sanitation facility construction, disaster management programs to create flood-proof shelters, and policy research to address access to food.

Bangladesh is an important country for Nonproliferation, Anti-terrorism, Demining, and Related Programs/Anti-terrorism Assistance (NADR-ATA). It is designated a Tier One country since the August 17, 2005, simultaneous detonation of more than 500 small improvised explosive devices (IEDs) in 63 out of 64 districts in the country. FY 2007 NADR-ATA funds will allow DS/ATA training to increase while Bangladesh builds its capabilities to prevent terrorism and capture and prosecute perpetrators. In addition, FY 2007 NADR-Counterterrorism Finance (NADR-CTF) funds will support the continued assignment of a Department of Justice expert to our Embassy to serve as a resident legal advisor, helping the BDG to establish its counter-terrorism finance infrastructure and thus attack the terrorists' support base. Finally, FY 2007 NADR-Terrorist Interdiction Program (NADR-TP) funds will continue to support building Bangladesh's capacity to track terrorists through installation of the U.S. Terrorist Interdiction Program's Personal Identification secure Comparison and Evaluation System (PISCES). PISCES is an application tailored to each country's specific needs which provides border control officials at transit points with information allowing them to identify and detain or track individuals of interest. This is critical for Bangladesh, considering its location in South Asia and the disturbing rise in extremism and violence. Since the dramatic August 17, 2005, IED incident, terrorism has become more deadly with dozens killed and hundreds wounded in explosions apparently conducted by indigenous terrorists. This necessitates FY 2007 NADR funding to continue to support the fight against terrorism in Bangladesh.

In FY 2007, FMF funds will be used to strengthen maritime security and border controls by building capacity of Bangladesh's Coast Guard through the purchase of new boats and upgrading its existing fleet, as well as associated training, equipment, communications, spares, and transportation to Bangladesh. This assistance supports U.S. policy by improving counter-terrorism capabilities and reducing piracy, human trafficking, narcotics, and weapons smuggling. FY 2007 FMF may also be used to allow continued support to Bangladesh's C-130 program through the procurement of spare parts. These programs will continue programs supported by prior year FMF funds appropriated by Congress. In FY 2005, funding for C-130B aircraft spare parts and repair helped bring four aircraft up to an operational and airworthiness level capable of supporting Bangladesh worldwide peacekeeping operations and Humanitarian Assistance activities. Providing equipment and upgrades to Bangladesh in FY 2007 is critical to strengthening military and naval capabilities to stem the threat of violence and reduce crime.

In FY 2007, International Military Education and Training (IMET) funds will be used to strengthen our relationship with Bangladesh's military and ensure that it remains apolitical, which is critical to this fragile democracy. IMET assistance will foster the professional development of Bangladeshi military officers in order to engender respect for civilian rule and to influence their ability to promote those values in their respective services. FY 2007 IMET funding is critical to maintaining these programs and developing the professionalism and counterterrorism capabilities of Bangladesh's military forces in a sustainable manner. This assistance will also: further develop the Bangladesh military's peacekeeping skills (Bangladesh was the world's largest contributor to international peacekeeping operations in 2005); provide U.S. instructors at Bangladesh's regional Peacekeeping Center; and enhance interoperability of U.S. and Bangladeshi forces during international peacekeeping and humanitarian assistance missions.

FY 2007 IMET will support the Bangladeshi military's professional military education through several senior services school courses, management courses, peacekeeping-emphasized courses, and specialized skills. Other courses for Bangladesh military officers will focus on counterterrorism, maritime security, professional military education, and management.

Bangladesh will be eligible in FY 2007 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 2005 Actual	FY 2006 Estimate	FY 2007 Request
CSH	53,222	47,690	48,366
DA	24,856	10,892	10,004
ESF	14,880	4,950	6,500
IMET	1,502	1,188	1,480
NADR-ATA	3,596	2,270	978
NADR-EXBS	585	175	500
P.L. 480 Title II	35,763	44,053	45,000

With one sixth of the world's population and one third of the world's poor, India's economic and social progress is critical to achieving universal millennium development goals. Regrettably, despite achievements born of the economic reforms of the early 1990s, India is unlikely to meet its goals for key social indicators.

U.S. - India relations are experiencing a period of dynamic, positive change. We are designing and implementing the forward-looking initiatives announced by President Bush and Prime Minister Singh in July 2005, including a historic civil nuclear cooperation initiative. 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 Energy 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. The two governments announced completion of the Next Steps in Strategic Partnership in July 2005, an initiative which increased cooperation in civilian nuclear and space areas, high technology trade and missile defense, and assisted India in aligning its export controls with international standards and stemming onward proliferation. The United States and India also continue their cooperation in health, science, disaster management, environmental, education, and equity issues. As India emerges as a global power in the 21st Century, our development interactions will increasingly extend beyond traditional development partnerships toward catalytic public-private alliances. Robust and pluralistic institutional partnerships across sectors will identify, build and sustain collaborative efforts to address long-term development concerns.

FY 2007 Economic Support (ESF) funds for India will enable high-profile initiatives that target India's most challenging economic and social problems. Given India's size, programs will operate initially in a limited number of localities before expanding their scope. The FY 2007 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. An ESF-supported disaster mitigation management initiative will improve national, state, and local systems to prepare for and to respond to costly natural or man-made 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. 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. Finally, the ESF funds will support the GOI's new National Urban Renewal Mission that will bring to scale much of the policy reforms introduced through USG technical assistance. This new initiative will give focused attention to the integrated development of infrastructure and services that benefit the urban poor, concentrating on basic services such as housing, water supply, sanitation, slum improvement and waste management. The GOI is looking to the USG for technical assistance and U.S. "best practice" models that are adaptable to India and scalable.

FY 2007 Development Assistance (DA) funds are requested to 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 2007 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 2007 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 stem global disease threats, particularly HIV/AIDS, polio and TB. India's population is more than 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. On the other hand, if not addressed, the spread of HIV could have far reaching effects on Indian society. What we do now will determine which path India takes. Increased resources are needed to help India respond to its HIV/AIDS epidemic, which threatens to unravel recent gains in economic growth and poverty alleviation.

In FY 2007, \$1.48 million in International Military Education and Training (IMET) funds requested will focus on programs to enhance military professionalism, strengthen interaction between U.S. and India's armed forces, and facilitate cooperation and interoperability during joint exercises and military operations. These funds will also bolster the close partnership we are forming with India and strengthen India's future capability to contribute to both peacekeeping initiatives and the global war on terrorism. India will be eligible in FY 2007 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 2007 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 by implementing and enforcing India's comprehensive 2005 export control law. 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 training, licensing, enforcement, and investigation, to improve implementation of India's evolving export control system. The NADR-EXBS program will also provide opportunities for civil nuclear dialogue, initiate a systemic internal compliance program for industry, and continue indigenization of enforcement training capacity.

India has been the victim of more terrorist attacks, both domestic and international, on its territory than any other country. Although India has been working for several years to improve its response to terrorism, it still needs assistance, especially in its rural regions where law enforcement officials are often untrained and lack rudimentary skills needed to respond to terrorist threats. India is therefore an important country for FY 2007 Nonproliferation, Anti-terrorism, Demining, and Related Programs/Anti-terrorism Assistance (NADR-ATA) funds that will support training courses related to explosive detection and countermeasures. India needs training in managing major incidents and getting domestic regions to work together on trans-regional problems.

## Kazakhstan

(\$ in thousands)

Account	FY 2005 Actual	FY 2006 Estimate	FY 2007 Request
FMF	4,960	3,465	3,500
FSA	26,690	24,750	19,000
IMET	997	990	1,085
NADR-ATA	306	450	975
NADR-EXBS	750	1,050	1,750
NADR-SALW	295	200	-
Peace Corps	2,509	2,526	2,637

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. Kazakhstan has supported Operation Iraqi Freedom, contributing soldiers to Coalition forces.

Key U.S. interests in Kazakhstan include: (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 and civil society, 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 2007 FREEDOM Support Act (FSA) funds will continue to provide support for small and medium-sized enterprises (SMEs), improved management and diversification 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 phase out 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 2007.

With energy markets growing in Afghanistan and other countries of South Asia, FSA funding will continue to provide necessary technical assistance to Kazakhstan, complementing similar U.S. efforts in the Kyrgyz Republic and Tajikistan, in order to develop efficient and transparent energy generation and distribution systems. The GOK is interested in making investments in the hydropower infrastructure of the Kyrgyz Republic in order to offset projected energy shortages in southern Kazakhstan. The U.S. Government will continue to support regional energy trading by assisting in the negotiation of regional agreements based on international standards and supporting the implementation of those agreements. U.S. assistance will also facilitate trade and investment between the countries of Central and South Asia.

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 GOK 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, 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 2005 presidential elections fell short of the international standards to which Kazakhstan has committed itself. While the registration of opposition candidates and improvements in the conduct of the Central Election Commission were signs of progress, a number of aspects of the law were not implemented effectively or impartially, and there were serious shortcomings in candidates' access to media and ability to meet with voters, in the use of administrative resources to pressure voters, and the tabulation of voting results. Although the Constitutional Council determined that a draft law approved by Parliament designed to increase governmental control over civil society was unconstitutional, Western-funded nongovernmental organizations have faced pressure and tax inspections from the government. 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 United States 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 United States will also support local human rights defenders, government plans for judicial reform, and activities to promote a free and fair electoral process. The United States will 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 2007 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 secure and properly dispose of dangerous waste from the decommissioned Soviet-built BN-350 breeder reactor in Aktau. In FY 2007, the development of Kazakhstan's maritime border security capabilities, funded by NADR, 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 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, 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 further 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 to be improved, and there is no central financial intelligence unit to track suspicious financial transactions. The U.S. Government will continue to support projects to improve border controls, train financial investigators to detect and investigate money laundering related to narcotics trafficking, intercept narcotics shipments in transit across Kazakhstan, and investigate and prosecute human traffickers.

FY 2007 funding will 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 2007 funding will also support efforts to encourage modernization of Kazakhstan's law enforcement agencies and improve respect for the rights of suspects and prisoners. We will also continue to 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 2007, 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 2007 Foreign Military Financing (FMF) will continue to enhance Kazakhstan's peacekeeping capability and support defense reform efforts. FMF will continue to provide assistance to the Peacekeeping Battalion, which will enhance interoperability and Kazakhstan's ability to participate in international operations. Additional funding will be used for support in modernization and defense reform.

FY 2007 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 will also fund training for the Kazakhstani Peacekeeping Battalion (KAZBAT) and will fund professional military education, as well as education at the command and staff colleges and senior service colleges.

In FY 2007, 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 modernization efforts, support Global War on Terrorism interoperability efforts, and assist in regional stability operations.

## Kyrgyz Republic

(\$ in thousands)

Account	FY 2005 Actual	FY 2006 Estimate	FY 2007 Request
FMF	1,984	1,881	1,500
FSA	35,126	24,750	32,000
IMET	1,039	1,089	1,085
NADR-ATA	450	3,293	425
NADR-EXBS	500	810	1,000
Peace Corps	1,797	1,915	1,849

The Kyrgyz Republic's "Tulip Revolution" has refocused the country's population, its government, and the international community on the promotion of democracy, good governance, the rule of law, and sustainable social and economic development. In March 2005, the Kyrgyz Republic's Soviet-era president, Askar Akayev, fled the country and resigned in the wake of country-wide protests following the February Parliamentary elections, which international and domestic observers condemned as fraudulent.

Akayev's resignation surprised the Kyrgyz people and international observers alike. The road to political consolidation and further reform has been slow for the new government of President Bakiyev. The United States must help the Kyrgyz Republic consolidate democratic gains made after the revolution and push forward with difficult reforms, including anti-corruption measures and constitutional reform. The Kyrgyz Republic should serve as an example of a reforming market 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, fight corruption, 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 2007, the United States plans to continue FREEDOM Support Act (FSA)-funded economic and technical assistance for small and medium-sized enterprise (SME) 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 continue. The United States will continue to support justice sector reform including improving the transparency and operation of the Judiciary. 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 enterprises (SMEs) can thrive. In FY 2007, U.S. Treasury Department and Commerce Department advisors will continue assisting the Kyrgyz Government in attracting foreign investment and continuing essential structural reforms of the economy. With energy markets growing in Afghanistan and other countries of South Asia, FSA funding will continue to provide necessary technical assistance to the Kyrgyz Republic, complementing similar U.S. efforts in Kazakhstan and Tajikistan, in order to develop

efficient and transparent energy generation and distribution systems. 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.

Despite gains made after the departure of Akayev, official corruption continued to be an issue and damaged the new government's reputation among the people. However, government harassment of non-governmental organizations (NGOs), opposition political parties, and independent media decreased significantly across the board. With U.S. assistance, civil society leaders and the government began a dialogue on constitutional reform to walk back several changes made by Akayev late in his administration which gave more power to the president. Based on positive indicators and forward momentum, the Millennium Challenge Corporation chose the Kyrgyz Republic as a Threshold Country in November 2005. The Kyrgyz Republic remained the most open and free society in Central Asia.

In FY 2006 and FY 2007, 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 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 and basic education.

The FSA and NADR accounts will continue to fund peaceful scientific activities by former weapons scientists. The NADR-funded Export Control and Related Border Security Assistance (EXBS) program 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 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, the United States 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 could 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 2007 FSA funds will further expand law enforcement assistance programs to address the narcotics smuggling out of Afghanistan and the very poor state of Kyrgyz law enforcement equipment, training and practices. FY 2007 FSA funding will provide support for the operations of the Kyrgyz Drug Control Agency, which is staffed by vetted Kyrgyz personnel. FSA assistance will also be provided for further law enforcement agency reforms, continued development of the judicial sector, expanded anti-corruption efforts, and improvements in the Kyrgyz government's ability to detect and halt money laundering and terrorist financing.

FY 2007 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 fund radios, ground stations, command and control systems, as well as consultation support and associated equipment for peacekeeping units.

IMET funds will help facilitate greater professionalism and reform of the Kyrgyz Armed Forces. IMET will fund English language training, provide professional military education courses, and provide slots at U.S. senior services schools for Kyrgyz military personnel.

In FY 2007, 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 meet its defense requirements and transformation efforts, support coalition interoperability, and assist in regional stability operations.

Continuing in FY 2007, 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 the Kyrgyz Government.

**Maldives**  
(\$ in thousands)

Account	FY 2005 Actual	FY 2006 Estimate	FY 2007 Request
IMET	169	173	195

Maldives is a moderate Islamic state transitioning to a fuller democracy from years of autocratic rule. President Gayoom has initiated a series of democratic reforms to overhaul the executive, legislative, and judicial branches. The Government of the Republic of Maldives (GORM) 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 GORM 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 2006 IMET funding sent a limited number of Maldivian officers and non-commissioned officers to military and technical schools in the United States. FY 2007 IMET funds will further professionalize the military and foster increased awareness of human rights concerns through U.S. training to Maldives officers and non-commissioned officers, participation of citizens in the political and economic life of the country, and freedom of religion and the press. IMET assistance in the Maldives will also improve interoperability with U.S. forces and enhance the military's internal security role. FY 2007 will be the second year of a three-year program to improve the quality of the Maldivian counterterrorism forces. The Maldives continues to support the global war on terrorism with landing, basing, and over flight rights.

IMET is our only foreign assistance to the Maldives, a moderate Islamic nation that seeks closer ties to the United States. As such, IMET's significance to the GORM is particularly substantial.

Maldives will be eligible in FY 2007 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.

**Nepal**  
(\$ in thousands)

Account	FY 2005 Actual	FY 2006 Estimate	FY 2007 Request
CSH	25,165	18,613	17,985
DA	10,000	7,895	7,051
ESF	4,960	4,950	5,000
FMF	-	1,980	1,300
IMET	648	644	790
NADR-ATA	2,771	991	1,036
NADR-TIP	-	-	150
P.L. 480 Title II	966	-	-
Peace Corps	179	-	-

A brutal, unabated Maoist insurgency, an autocratic monarch, and political parties that lack the confidence of the populace imperil Nepal's 14-year experiment with democracy, and limit the government's ability to function throughout the country. Working to persuade Nepal's constitutional political actors to reconcile in order to counter that Maoist threat from a position of strength 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.

Economic and social disparity, corruption, and a lack of good governance and infrastructure make Nepalis susceptible to Maoist influence and propaganda. Against that backdrop, U.S. assistance has been re-focused on democracy and governance programs intended to strengthen Nepal's democratic institutions, thereby increasing grassroots support for representative government. In addition, continued focus on increasing incomes, improving primary health care, and curbing population growth will create additional economic stability and opportunity, limiting Maoist appeal and increasing the stake of ordinary Nepalis in the country's political economy.

Specifically, FY 2007 Economic Support Funds (ESF), Development Assistance (DA), and Child Survival and Health (CSH) will fund a new USAID program to enhance stability and security. Through a multi-pronged approach which addresses key sources of fragility - exclusion, weak governance, lack of economic opportunities and inequitable growth - this program will mitigate the impact of conflict on households, stabilize rural communities, and strengthen capacity for conflict mediation and peace building at the national and community level. Program activities will: 1) protect livelihoods through income-generating infrastructure and agriculture projects in conflict-affected areas, 2) provide key services to victims of the conflict, 3) support national efforts to address the conflict, 4) strengthen civil society and community capacity to build peace and participate in local governance, and 5) prevent the spread of HIV/AIDS and other infectious diseases.

FY 2007 DA and ESF also will fund a new USAID program to strengthen governance and protect human rights. Consensus and commitment to an inclusive multi-party democracy will be achieved by programs that strengthen institutional and human capacity for good governance, and promote equality and inclusion in social and political processes. USAID programs will increase human rights monitoring and awareness, and mitigate trafficking in persons.

Finally, we will use DA and CSH funds to strengthen the capacity of institutions that are fundamental to conflict resolution, lasting recovery, and transformational development. The program will strengthen the

Government of Nepal's (GON) ability to provide basic services to its citizens, thereby enhancing the legitimacy and effectiveness of local and national government and preventing a destabilizing withdrawal of essential services. This program will emphasize increased coverage of services to disadvantaged and marginalized groups, and increased community participation in decision making.

Direct U.S. support for the Royal Nepal Army's (RNA) efforts to contain the insurgency was limited in 2005 by the country's failure to meet FY 2005 democracy and human rights legal conditions for receiving Foreign Military Financing (FMF) following the King's actions on February 1, 2005. Continued allocation of FMF is critical, both for combating the Maoists and for the incentive it provides for the country to improve its record in human rights and democracy in order to qualify for FMF. The request for FMF in FY 2007 underscores that the United States remains committed to resuming more robust assistance to Nepal's security forces in their campaign against the Maoist insurgency once the political and human rights situation improves.

Building on the success of previous FMF support, which provided desperately needed basic military equipment, FY 2007 FMF funds will further improve the RNA's counter-insurgency capabilities. Specifically, FY 2007 FMF may be used to procure M-16A4 rifles, as the RNA plans to expand over the next several years in response to growing security needs. These rifles will replace antiquated Self-Loading Rifles (SLR) that have exceeded their service life, as well as other rifles that do not perform as well as the M-16A4. The M-16A4 rifles will also increase the RNA's military interoperability with U.S. and other coalition forces. FY 2007 FMF may also be used to support procurement of secure communications equipment, medical equipment, body armor, and training.

In FY 2007, International Military Education and Training (IMET) funds respond directly to the threat posed by the Maoist insurgency. IMET assistance continues to develop the RNA's ability to conduct disciplined military operations following the rules of engagement that respect the rule of law, international human rights standards, and democratic values. The RNA is expanding in personnel strength, and increased IMET resources are necessary to help improve the professionalism of officers and non-commissioned officers (NCO), as well as provide organizational management training to help the RNA accommodate an increasing operational tempo and growing force structure. The requested amount will support three mobile training teams to train RNA personnel in intelligence support, operational planning, medical care, and the law of war in a counter-insurgency environment; professional military education and senior service school courses; technical and management courses; and English language training.

Nepal will be eligible in FY 2007 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.

Nepal is facing a renewed challenge from the Maoist counterinsurgency. The Maoists declared an end to the 4 month old ceasefire on January 4, 2006. Since then, numerous attacks and bombings on military and civilian targets have occurred. FY 2007 Nonproliferation, Anti-terrorism, Demining, and Related Programs/Anti-terrorism Assistance (NADR-ATA) will fund a CT program that responds to these challenges by providing assistance and training to Nepal while respecting the prohibition on providing lethal assistance to the government. The courses that will be programmed for Nepal for FY 2007 will help Nepal to minimize the loss of life following any incidents and strengthen law enforcement institutions. In addition, FY 2007 NADR-Terrorist Interdiction Program (NADR-TIP) funding will further fund activities to help Nepal control its borders, as border controls are not yet very advanced, through the installation of the U.S. Terrorist Interdiction Program's Personal Identification secure Comparison and Evaluation System (PISCES). PISCES is a software application tailored to each country's specific needs which provide border control officials at transit points with information that allows them to identify and detain or track individuals

of interest. Nepal is included in the TIP/PISCES program in order to cooperate on tracking terrorists and persons related to terrorism. This program will be helpful in assuring that Nepal does not become a terrorist safe haven.

**Pakistan**  
(\$ in thousands)

Account	FY 2005 Actual	FY 2006 Estimate	FY 2007 Request
CSH	21,000	32,172	21,700
DA	29,000	40,590	29,000
ESF	297,600	337,095	350,000
FMF	148,800	297,000	300,000
FMF-SUP	150,000	-	-
IMET	1,885	2,024	2,075
INCLE	32,150	37,620	25,500
NADR-ATA	6,051	6,100	8,590
NADR-CTF	-	-	100
NADR-EXBS	1,000	700	600
NADR-TIP	900	1,000	1,000
P.L. 480 Title II	-	3,427	-

A strong long-term U.S.-Pakistan partnership remains critical to continued progress in the global war on terrorism and to regional stability. Assistance supporting education, healthcare, democratization, and economic development will help to strengthen social, political and economic institutions in ways that will be recognized by ordinary Pakistanis and encourage them to choose moderation over extremism. Additional assistance to Pakistan will be specifically earmarked for humanitarian relief and reconstruction following the October 8, 7.6 magnitude earthquake that left 73,000 dead and millions of people homeless. FY 2007 security assistance 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.

Pakistan is a front-line state and firm ally in the global war on terrorism. Pakistan's support has been, and remains, critical to U.S. success in apprehending al-Qaida, Taliban and other terrorists. Since September 11, 2001, Foreign Military Financing (FMF) has provided or helped maintain necessary training and equipment for Pakistani forces operating against al-Qaida operatives, Taliban remnants and other militants. Improved border security and control along Pakistan's border with Afghanistan is also required for this effort. There have been and continue to be significant military operations along the Pakistan-Afghanistan border which have resulted in the capture or killing of several hundred foreign terrorists and militants. The Pakistani military and security agencies were instrumental in recent high-profile captures of known terrorist leaders, including in 2005 the top al-Qaida commanders Abu Faraj al-Libi and Ahmad Hussain Farooqi, and in the operation targeting Hamza Rabia.

After years of U.S. sanctions, the majority of U.S. security programs being implemented in Pakistan are directly related to winning the global war on terrorism, increasing interoperability, addressing its legitimate defense needs and cementing a long-term, stable relationship with Pakistan, a Major Non-NATO Ally. FMF assistance directly increases Pakistan's capability to secure its border. Increasing security will ensure Pakistan can more easily take the steps needed to make a lasting peace with its neighbors, Afghanistan and India. In the past year, Pakistan has taken major strides forward in improving relations with both.

FMF also helps the GOP to marshal the political will to weather domestic opposition to its counterterrorism efforts. In FY 2007, \$300 million in FMF assistance to Pakistan will continue to facilitate counterterrorism efforts, build closer military ties, increase interoperability and address legitimate defense

needs, while enhancing U.S. support for law enforcement, counterterrorism, and coordination capacity funded from other accounts.

As in the past, FY 2007 FMF will be used for force modernization through equipment upgrades and acquisitions. Recent improvements include the initiation of a helicopter aviation unit that will develop air assault capabilities; improved communications; night vision gear and upgrades; and spare and repair parts to existing weapons systems. Equipment to be purchased with FMF may include fixed and rotary wing aerial transport, communications, surveillance equipment, ground support equipment and vehicles. FY 2007 FMF will also be used to sustain and maintain U.S.-origin equipment to ensure flight safety and continued equipment operation. This equipment will have a direct impact on the war on terrorism, and will enhance U.S.-Pakistani interoperability.

In addition, there will be a need to implement follow-on support cases and advanced training cases for equipment currently fielded, as well as cases previously anticipated for FY 2006 but delayed. Some national funds may be allocated for these programs.

Pakistan will continue to be eligible in FY 2007 to receive grant Excess Defense Articles (EDA) under Section 516 of the Foreign Assistance Act. EDA will support U.S. objectives by increasing modernization, interoperability and standardization in the Pakistani military and improved participation in peacekeeping and counterterrorism operations.

Due to sanctions, Pakistan was unable to participate in International Military Education and Training (IMET) programs for about a decade ending in 2002, resulting in a large cohort of mid- to high-level officers without IMET training. The FY 2007 IMET request for \$2.075 million is necessary for those officers to catch up on training and build capacity. IMET will enhance the professionalism and leadership of Pakistan's current and future military leaders and develop respect for rule of law, human rights, and democratic values, such as civilian control of the military, critically important in a country that has experienced repeated military coups. Of course, IMET training will also enhance support for the global war on terrorism, and assist in providing expertise for effective management of the defense establishment through training in logistics, information management, infrastructure maintenance, financial management, and safety.

IMET will support professional military education for Pakistani officers; training at the Defense Institute of International Legal Studies on the principles of military justice, the rule of law, and the relationship of each to military operations; mid-level training in effective management of the defense establishment; and technical training, including maintenance training, and skill-level training courses needed to operate and maintain weapons systems. In FY 2007, IMET will provide an increased focus on defense acquisition and resource management skills. This level of FY 2007 IMET for Pakistan is critical, as these educational and technical training programs will also develop a professional Pakistani force dedicated to curbing terrorism and eventually willing to support civilian control of the military.

In FY 2007, \$25.5 million in International Narcotics Control and Law Enforcement (INCLE) funds will give operational support to law enforcement agencies, particularly Pakistan's Anti-Narcotics Force, for opium poppy surveys and eradication; expanding crop control programs in areas with new or increased cultivation; and supporting 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. However, instability brought to the region by the war in neighboring Afghanistan and turmoil in the NWFP allowed cultivation to expand again. The GOP is committed to reversing production increases in 2004 and 2005, and U.S.-assisted Pakistani enforcement agencies achieved major heroin and hashish seizures and increased operations against traffickers in 2005. These funds will be used to build roads in opium growing areas (particularly the non-traditional areas where

poppy cultivation began only recently); to facilitate monitoring and eradication; and to provide economic alternatives through farm-to-market access and development projects. This includes small irrigation schemes aimed at improving economic potential of newly accessible areas and encouraging cultivation of high-value crops and intensive farming. FY 2007 INCLE funds also will be used to introduce alternative crops, such as off-season tomatoes, particularly in the non-traditional areas.

Funding for the FY 2007 Nonproliferation, Anti-terrorism, Demining, and Related Programs/Export Control and Related Border Security Assistance (NADR-EXBS) program is requested to support activities to assist Pakistan in correcting the deficiencies of its 2004 export control laws and its 2005 national control lists, formulating implementing regulations, and improving enforcement capabilities. More fully developed laws, regulations and licensing regimes are increasingly important as its economy develops and exports expand. Activities will be directed at nuclear licensing, interdiction and risk management training, as well as commodity classification assistance.

The FY 2007 NADR request for Pakistan also includes Anti-terrorism Assistance (NADR-ATA) funding to ensure that training programs being delivered to vetted, elite police units with a national mandate for counter-terrorism investigation and tactical operations can continue until they are fully trained and equipped. This includes training in sophisticated investigation techniques, weapons use, and Crisis Response Team (CRT) and Explosive Incident Countermeasures (EIC) courses with equipment grants. These units will be provided with mission-specific training to respond to and investigate terrorism in Pakistan. This training will be determined by needs identified by the ATA in-country training program, the GOP, and through assessments conducted by State Department's Diplomatic Security Bureau. This funding is critical to achieving a strong counter-terrorism capability and to ensuring that it can be independently sustained. In addition, the FY 2007 request to fund the NADR-Terrorist Interdiction Program (NADR-TIP) in Pakistan will provide upgrades to the watchlisting system software currently operating at eleven air, land and sea ports of entry, including the capability to process the new Pakistani machine readable passport. Funds will help sustain a communications infrastructure that facilitates rapid transmission of traveler data obtained at the ports of entry to the national headquarters facility, in order to permit data analysis and timely updates to watchlists. This technical assistance is crucial to support Pakistan's border security. Finally, NADR-Counterterrorism Finance (NADR-CTF) funds will support assignment of a Department of Justice expert to our Embassy in order to serve as a resident legal advisor, helping Pakistan's government establish the counter-terrorism finance infrastructure needed to dislodge the terrorist support base.

FY 2007 Economic Support Funds (ESF), Development Assistance (DA), and Child Survival and Health (CSH) are requested to continue U.S. support for Pakistan's macroeconomic stabilization, to assist democratization efforts, public education, economic growth and health care. FY 2007 ESF funds will be provided as budget support to allow the Government of Pakistan fiscal flexibility to carry out economic and social reforms, recover from the October 8, 2005 earthquake, and expand poverty alleviation and education programs. ESF funds will also be used for programs that complement and multiply the effectiveness of DA and CSH-funded programs described below. ESF funds will also enable U.S. programs to expand and reach more poor Pakistanis, leveraging the support needed for Pakistan's cooperation in the global war on terrorism. ESF reduced Pakistan's U.S. bilateral debt by \$1 billion in FY 2003 and \$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 2001 to 61 percent of GDP in 2005.

U.S. democracy assistance focuses on: helping Pakistani legislators become effective participants in the political process at national and provincial levels; supporting devolution of national-level functions by strengthening accountable and participatory governance at the local level, and; to strengthening civil society, political parties, and independent media.

FY 2006 ESF for democracy and governance will strengthen the Election Commission of Pakistan's oversight capacity in anticipation of the 2007 national elections, as well as continue to modernize and democratize political parties through training of party members. FY 2007 ESF will also support evaluation of the electoral process after national elections, and assist the Election Commission in Pakistan to address key shortcomings. Moreover, we will expand our decentralization program, by strengthening the planning and budgeting capacities of local governments in five more districts. DA and ESF will also provide technical assistance and committee system development in Pakistan's parliament. In addition, ESF will launch public information campaigns by local organizations on women's rights and build the capacity of legal sectors to address this issue.

To promote grassroots support for government reform, as well as U.S.-Pakistani counterterrorism cooperation, DA and ESF resources will stimulate and support economic growth and provide tangible benefits for ordinary citizens, especially the poor. FY 2007 DA and ESF will target underdeveloped and earthquake-devastated regions such as Kashmir and the parts of the NWFP. The FY 2007 ESF and DA request also expands 2006 microfinance efforts by supporting the diversification of financial services, including microfinance institutions, leasing companies and formal financial institutions. ESF will also invest in workforce development to increase private sector competitiveness, while DA will continue its arid agricultural productivity programs. At the national level, FY 2007 ESF will also provide budget support to the GOP to improve economic policy, macroeconomic stability and the business environment.

Pakistan's literacy rate ranks among the world's lowest and greatly hampers its economy's ability to develop and expand. Literacy averages 49 percent nationwide, and in remote tribal areas can be as low as eight percent for women. The dearth of good public schools forces hundreds of thousands of youths into schools teaching only religious subjects (madrassahs). Public sector spending on education has increased as the country emerged from its financial crisis, but remains low (1.9 - 2.2 percent of GDP). While Pakistan is responding to the need and has increased spending on education, much more needs to be done.

FY 2007 ESF and DA is sought to continue a successful \$100 million five-year education program to support the GOP's Education Sector Reform Program aimed at improving the quality of primary and secondary schools, especially in Baluchistan and Sindh. In addition, U.S. funds will support rebuilding schools in earthquake-affected areas, where thousands of schools were destroyed or damaged. U.S. funds also support grants to non-governmental organizations to improve early childhood education, increase parental and community involvement in schools, and ensure that teachers have adequate classroom materials. Efforts also include sponsoring a Teacher Accreditation Program in the Higher Education Commission; continuing the School Improvement Grant; reviewing the examination system; and continuing with school construction in the Federally Administered Tribal Areas (FATA), which adjoin Pakistan's border with Afghanistan. We will support pre- and in-service teacher training, with emphasis on child-centered methodologies. Adult and youth literacy education programs will target out-of-school youth and illiterate adults with a focus on women and girls. We will continue investing in vocational and technical education in order to improve workforce quality. FY 2007 DA and ESF funds will provide in-country scholarships to Pakistan's future leaders allowing them to earn bachelors, masters and PhDs and through the Fulbright Academic exchange program. DA-funded programs are showing results in the areas of NGO-delivered teacher training; rural in-service training; early childhood education; adult literacy; and community-school partnerships. 16,770 teachers/administrators have received training and are now using effective education/management plans.

Pakistan, with its high rate of population growth, lags other South Asian countries 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 2007 CSH and ESF funds are sought to increase availability of maternal and child health services, especially in rural areas such as the FATA; improve the quality of health care at provincial and district levels through better management of health resources, especially for

maternal health by improving hospitals and health centers; and to maintain Pakistan's low HIV prevalence rate by increasing awareness, especially among adolescents and youth. These funds will also help control and prevent the outbreak of other infectious diseases by strengthening the overall immunization program, controlling TB, and improving water supplies and sanitation in communities throughout Pakistan.

FY 2007 will also require particular attention to earthquake reconstruction, with a focus on education, economic and social infrastructure and healthcare. ESF, DA and CSH resources will: increase access to health services in areas of greatest destruction; continue teacher training programs to rebuild lost workforce; help rebuild the lost healthcare workforce while strengthening the capacities of the public health community, and; rebuild the pre-earthquake livelihoods with activities such as vocational training, enterprise development and market restoration.

**Sri Lanka**  
(\$ in thousands)

Account	FY 2005 Actual	FY 2006 Estimate	FY 2007 Request
CSH	300	-	-
DA	6,774	3,465	3,500
ESF	9,920	3,960	4,000
FMF	496	990	900
IMET	461	445	540
NADR-ATA	-	275	-
NADR-EXBS	-	300	200
NADR-HD	2,700	3,500	1,000
P.L. 480 Title II	1,996	-	-

The Government of Sri Lanka signed a Ceasefire Agreement and 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. The LTTE walked out of formal negotiations in April 2003 and made veiled threats to return to war. The ceasefire continues to hold nominally, but recurrent violations (including the assassinations of pro- and anti-LTTE figures, alleged Army informants, and small-scale LTTE attacks on the military) continue to erode the integrity of the agreement. 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 December 2005, official death toll estimates in Sri Lanka were 35,322 dead, with 1,000,000 persons displaced. The tsunami also affected more than two-thirds of the country's coastlines and 13 political districts. In the affected areas, economic life had ground to a halt; businesses had collapsed. Economic recovery is still slow, hampered by increasingly rising costs of materials and labor, and a dearth of skilled labor. 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 United States is playing a major role in assisting Sri Lanka following this disaster with the support of the tsunami supplemental funding. To affect longer-term sustainability, the U.S. assistance will build on ongoing programs for maintaining the frail ceasefire, rebuilding the war-torn areas, addressing disadvantaged groups, individuals with disabilities, harnessing economic growth opportunities in key industries to boost the tsunami-shocked environment and economy, developing programs for vocational training and education to enhance the workforce, integrating the North and East into the rest of the country, and achieving high rates of economic growth.

In FY 2007, Economic Support Funds (ESF), Democracy Assistance (DA) and Child Survival and Health (CSH) assistance will support democracy, economic growth and humanitarian assistance in Sri Lanka. ESF and DA funds will support the peace process in Sri Lanka through democracy and governance programs 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, reconstruction and peace-building efforts. Democracy and governance programs funded by ESF and DA will:

- 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 provincial legislatures, which are especially significant for the devolution of power in a possible peace settlement; and
- develop local mediation boards administered by the Ministry of Justice in the North and East.

Specifically, using FY 2007 DA and ESF funds, the our democracy and governance programs will strengthen civil society for a sustainable peace through the following activities: supporting district offices of the Peace Secretariat for Muslims; training political parties in conflict analysis; training communities in conflict mapping and peace-building methodologies; and establishing a computerized national voter register at the Elections Commission. We will also use FY 2007 ESF and DA funding to support peace and mitigate conflict, encouraging diverse groups to increase awareness of key post-conflict transition issues at the community level. These funds will support inclusive, collaborative local planning within communities, encouraging dialogues, debates and the dissemination of information through media in the national debate on power sharing and other transition issues.

We will utilize DA and ESF funds to strengthen the justice sector by training the Ministry of Justice's Community Mediation Boards in conflict resolution and community advocates as informal paralegals. We will also continue to provide technical assistance and training will continue to be provided to local government authorities in revenue collection, service delivery, and good governance, hoping to increase the level of citizens participating in local government meetings.

In 2007, ESF and DA funds will also support the Government's macroeconomic reform and promote economic growth and stability. FY 2007 DA funds will seek to improve economic policy and the business environment by reducing barriers to private investment opportunities based on lessons learned in 2006. Both DA and ESF funds will contribute to enhancing the competitiveness of selected industries and explore new ones. ESF and DA funds will also assist the GSL in implementing programs related to social responsibility.

Both ESF and DA will continue to help stabilize coastal economies devastated by the 2004 tsunami. "The Competitiveness Program" has supported the development of public-private strategic task forces, or "clusters", within eight industries that were responsible for 33 percent of the country's exports in FY 2005 and for employing more than 29 percent of the country's workforce. In FY 2007, we will continue to strengthen planning capacity at the national and local levels and increase public-private partnerships in solid waste management and water supply. These funds will also expand a bilateral education program that will build critical skills sets such as English language, ICT and problem solving, to improve the quality of the workforce.

Also in support of peace, our Humanitarian Assistance Program will use DA and ESF funds to 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. Under this program, activities will provide services to children and families traumatized by violence; will develop foster care for child victims; will advocate policy change in de-institutionalizing children; and will develop the professional investigation methods of the Sri Lankan Police's Women and Children Desk. We will continue to fund prevention and preparedness activities for Avian Influenza, as

well as continue to implement the FY 2006 effort to reduce HIV/AIDS cases among most-at-risk populations.

Following the Presidential election and other Ministry of Defense changes, senior Sri Lankan officers continue strong support of U.S. strategic goals and programs. Sri Lanka continues to grant blanket overflight and landing clearance to U.S. military aircraft, routinely grants access to ports by U.S. vessels, and supports the U.S.'s tsunami relief efforts. In FY 2005, the former USCG *Courageous* was successfully transferred to the Sri Lanka Navy, which significantly improved Sri Lanka's ability to interdict illegal sea going activity. In FY 2007, Foreign Military Financing (FMF) and International Military Education and Training (IMET) funds will further strengthen our military-to-military relationship. In FY 2007, \$900,000 in FMF will support: acquisition of additional EDA items, such as boots, helmets, radios, flack vests, Night Vision Goggles (NVG), etc., which help standardize and strengthen the Sri Lankan military services. Military communications and mobility equipment will also assist the military in the conduct of humanitarian assistance projects and participation in UN peacekeeping missions. FY 2007 FMF funds will also support improvements to defense and intelligence establishments and equipment for basic soldier safety and survivability.

In FY 2007, \$540,000 in 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. FY 2005 saw an increase to 19 officers. Continued IMET funding helps build the capabilities and competencies of officers and NCOs. FY 2007 IMET funds will also be used to improve and update NCO training at the various Sri Lanka NCO schools. In FY 1995, several Sri Lanka NCOs attended US Army NCO training for the purpose of establishing an NCO school. US Army NCO training has many new techniques, which will be taught to the Sri Lanka Army using FY 2007 IMET funds. U.S. and Sri Lanka Navy and Air Force NCOs will also participate to strengthen each of the Sri Lanka services NCO training techniques. IMET is required to help build a stronger Sri Lanka military that respects human rights, to counter LTTE terrorism, and to 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.

Sri Lanka is eligible in FY 2007 to receive grant Excess 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 2007 Non-proliferation, Anti-terrorism, Demining, and Related Programs/Export Control and Related Border Security Assistance (NADR-EXBS) is requested to continue our recently initiated engagement and deliver weapons of mass destruction awareness and national control list activities, which are important given location and growth of Colombo as a major transshipment port.

**Tajikistan**  
(\$ in thousands)

Account	FY 2005 Actual	FY 2006 Estimate	FY 2007 Request
FMF	496	495	250
FSA	24,513	23,760	22,000
IMET	348	346	370
NADR-ATA	989	1,190	2,114
NADR-EXBS	300	600	800
NADR-SALW	200	-	-
P.L. 480 Title II	16,748	3,484	13,000

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 economic growth is stunted by the effects of its 1992-97 civil war. U.S. assistance to Tajikistan has shifted from humanitarian assistance during the civil war to efforts that promote democracy, strengthen security and law enforcement capabilities, develop the investment climate, and improve social services. Tajikistan has supported the Global War on Terrorism (GWOT), Operation Enduring Freedom and Operation Iraqi Freedom unreservedly from the beginning, and continues to do so.

U.S. assistance seeks to enhance Tajikistan's territorial integrity and security, prevent the trafficking of narcotics, weapons, and persons, 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 2007. 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, 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 improve farms' water management practices. The potential for hydro-energy generation and transmission is great in Tajikistan. With energy markets growing in Afghanistan and other countries of South Asia, FSA funding will continue to provide necessary technical assistance to Tajikistan, complementing similar U.S. efforts in the Kyrgyz Republic and Kazakhstan, in order to develop efficient and transparent energy generation and distribution systems.

Although the working environment for media and civil society development is increasingly difficult, FSA-funded democracy assistance will continue to support access to information via independent media and 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, 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. 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 remains a serious problem in Tajikistan. Through public service announcements and other means, 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 2005, the Russian Border Guard withdrew from the Tajik-Afghan border, opening up greater opportunities for illicit smuggling. To help the Government of Tajikistan address this in FY 2007, the United States intends to maintain funding for the Export Control and Related Border Security Assistance (EXBS) Program funded through the Nonproliferation, Anti-terrorism, Demining, and Related Programs (NADR) account. The EXBS Program will continue to improve Tajikistan's export control system to detect, deter, and interdict WMD and other destabilizing technology, and will address specific challenges posed by the withdrawal of the Russian Border Guard. Technical workshops on export control enforcement and WMD awareness training will give the Tajik Border Guard and Customs Service a critical knowledge base for dealing with proliferation issues.

The NADR Anti-Terrorism Assistance (ATA) Program will continue to provide counter-terrorism training to Tajik 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.

NADR Nonproliferation of WMD Expertise funds provided through the Science Centers Program and the Bio-Chem Redirect Program will extend efforts to redirect Tajik scientists with WMD-relevant expertise into peaceful, economically sustainable work. U.S.-funded research is engaging Tajik scientists in fields of human and animal disease research, remediation of environmental damage including radioactivity, and Central Asia-wide seismic monitoring.

FSA-funded law enforcement and judicial reform efforts will continue to focus on institution-building, particularly with regard to efforts to enhance the Tajik 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, and support cooperation between Tajik law enforcement agencies and the U.S. Drug Enforcement Administration.

FY 2007 FSA funding will expand law enforcement development programs to improve the very poor state of Tajik law enforcement agencies' equipment, training, and practices to continue reform activities involving the judicial sector, the prosecutor's office, and to address terrorist financing and money laundering.

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. 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 2007 Foreign Military Financing (FMF) will provide equipment and communications capability for the light/mountain infantry battalion in the Fifth Mountain Brigade. Additional funds will be used to continue the development of a Tajik Peacekeeping Battalion.

In FY 2007, 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, further its interoperability with NATO, and assist in coalition activities.

FY 2007 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 objectives of the Global War on Terrorism. IMET classes planned for FY 2007 include military professionalization and interoperability courses, special-forces courses, and English language training.

Continuing in FY 2007, 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 Tajikistani 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 the Tajik Government.

## Turkmenistan

(\$ in thousands)

Account	FY 2005 Actual	FY 2006 Estimate	FY 2007 Request
FMF	694	297	250
FSA	6,505	4,950	5,000
IMET	389	297	395
NADR-EXBS	-	400	300
Peace Corps	1,589	1,701	1,731

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 continues to limit 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. The Government of Turkmenistan (GOT) is not currently receptive to democratic or economic reform, although it is cautiously interested in limited types of law enforcement and security assistance programs.

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 GOT's positive response to maternal and child health efforts has led the United States to concentrate on models for reform, with encouraging results. In 2005, in response to the findings of a FSA-funded UNICEF health study, the Ministry of Health (MOH) requested U.S. assistance in adopting the World Health Organization (WHO) live-birth definition as a first step in improving neonatal care. The improved statistics resulting from this decision will help focus donor efforts to improve infants' chances for survival. The tuberculosis (TB) treatment success rate for 2003, the most recent year for which data is available, is 78.6%. This rate surpasses the U.S. Government target of 73.5%, but is still far from the WHO's global Direct Observed Therapy Short Course (DOTS) target of 85%. With U.S. support, the GOT approved a national TB control and prevention program, centering on the WHO-recommended DOTS strategy.

Due to the difficult environment for doing business in Turkmenistan, the U.S. Government continues a limited FSA-funded economic development program to 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. The Junior Achievement program will continue to provide education on economic principles and the fundamentals of doing business in market economies to Turkmenistan's youth.

While some small steps have been taken by the GOT in recent years to legalize certain forms of activity by religious and other non-governmental organizations (NGOs), the space for civil-society activity remains extremely limited. 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 Bishkek, Kyrgyz Republic.

In FY 2007, the United States intends to continue to provide assistance under the Nonproliferation, Anti-Terrorism, Demining, and Related Programs (NADR) account 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-funded Export Control and Related Border Security Assistance (EXBS) 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 GOT on many matters relating to the reform of law enforcement and the criminal justice sector, the United States 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 plans to continue providing assistance with FSA 2007 funds to improve Turkmen forensic laboratory capabilities and narcotics detection training for law enforcement authorities; to improve border security along the Turkmen-Afghan border; and to reduce demand for drugs within Turkmenistan. FY 2007 FSA funding will support continued efforts in the area of counter-narcotics and support opportunities for expanded measures against trafficking in persons.

In FY 2007, very modest Foreign Military Financing (FMF) will enhance Turkmenistan's counterterrorism response capabilities by providing communications equipment for a rapid-response communications capability. The International Military Education and Training (IMET) program will continue to send Turkmen officers to the United States for professional military education, which will 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. Additionally, IMET funds will continue to support development of the resident English language instruction capability.

In FY 2007, 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, further its interoperability with NATO, and support coalition efforts.

**Uzbekistan**  
(\$ in thousands)

Account	FY 2005 Actual	FY 2006 Estimate	FY 2007 Request
FSA	31,495	17,820	15,000
IMET	-	594	95
NADR-ATA	2,408	-	500
NADR-EXBS	-	-	650
Peace Corps	1,328	-	-

Until recently, Uzbekistan has played a strategic role in the Global War on Terrorism, allowing U.S. and coalition forces operating in support of Operation Enduring Freedom the use of its airbase at Karshi-Khanabad (K2). However, since May, 2005, a series of events has severely tested the bilateral relationship. In May 2005, an unidentified group of armed men attacked a prison in Andijan which was housing local business men charged with “Islamic extremism.” In the aftermath, large crowds which had reportedly and variably gathered either to air grievances against the government or to listen to government officials were fired upon by government forces. It is estimated that between 178 and 700 civilians died at the hands of Uzbek troops. President Karimov identified the protestors as Islamic militants who had provoked the government’s violent response. The US and European Union both condemned the incident. Starting in June 2005, Karimov has repeatedly refused U.S. and European demands for a formal investigation of the tragic events at Andijan, exacerbating the divide between Uzbekistan and the United States. In July, 2005, the Government of Uzbekistan terminated the agreement allowing U.S. forces access to K2. The Government has not made any progress on democratic reform, placing further restrictions on the activities international and local non-governmental organizations (NGOs) and the media.

In 2004 and 2005, the Secretary of State declined to make the determination required in the Foreign Operations, Export Financing, and Related Programs Appropriations Act that Uzbekistan was making progress in meeting its commitments under the 2002 Strategic Partnership Framework. As a result, funding for some U.S. military, border security, and economic reform assistance programs planned for the central Government of Uzbekistan was reprogrammed to other uses.

In the economic arena, 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 2005, there was little progress on economic reform. The government’s restrictive trade regime has crippled the economy and the government urgently needs to rescind its draconian trade measures. Substantial structural reform is needed, particularly in the area of improving the investment climate for foreign investors and in freeing the agricultural sector from smothering state control. Continuing restrictions on currency convertibility and other government measures to control economic activity have constrained economic growth and led international lending organizations to suspend or scale back credits.

U.S. assistance to Uzbekistan seeks to diminish the appeal of extremism by bolstering civil society and urging respect for human rights, improving management of natural resources, and helping relieve human suffering. U.S. assistance programs to Uzbekistan focus on working with the people of Uzbekistan on democracy, human rights, micro-credit, agribusiness development, health and education reform, water use management, and community development. Grants to local organizations have been hampered by Government of Uzbekistan banking regulations that sometimes slow or prevent the transfer of funds.

Increasingly suspicious of NGO activity, the Uzbek Government forcibly closed approximately 2,000 local NGOs in 2005.

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 maintain 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.

Although the working environment is increasingly difficult for civil society, 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, increasing access to information, assisting the development of independent political parties, assisting in the professional development of young lawyers and the provision of legal aid to citizens, and enhancing civic participation by maintaining elements of independent media and the NGO sector.

FSA-funded democracy assistance will continue to support NGOs as they face increasing pressure from the government. The United States 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, to provide training and technical assistance to reform-oriented movements and officially registered parties.

Security and law enforcement assistance to the Government of Uzbekistan is balanced by U.S. concerns about Uzbek security agencies' involvement in the Andijan tragedy, U.S. policy and strategic interests, and by legislative requirements, including Leahy vetting procedures. Uzbekistan continues to face terrorist attacks by the Islamic Movement of Uzbekistan (IMU) and other extremist groups. A suicide bomber from the Islamic Jihad Union (IJU) attacked the U.S. Embassy in the capital Tashkent in July 2004. 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 2007 security assistance will focus on maintaining limited 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 participation in PfP. The establishment of responsible Uzbek forces, trained in international standards of conduct, capable of interdicting trafficking in weapons, persons, and narcotics, and combating the threat of terrorism will contribute to U.S. interests and regional security.

In FY 2007, 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 2007 IMET funds will be used to Westernize Uzbekistan's military, develop a professional military education system and a strong non-commissioned officer 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.

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 Previous years' FSA law enforcement funding is supporting counter-narcotics interdiction efforts by Uzbek law enforcement agencies and is improving these agencies' capability to cooperate with the U.S. Drug Enforcement Administration. FY 2007 funding will continue efforts to improve the treatment of suspects and prisoners and to prevent the use of torture in law enforcement.

Redirection programs for former 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-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 uses and end-users of proliferation concern. The EXBS program in Uzbekistan will provide 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 Anti-Terrorism 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 U.S. Departments of Agriculture and Health and Human Services, and the U.S. Environmental Protection Agency 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.

Continuing in FY 2007, 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 the Uzbek Government.

## Central Asia Regional

(\$ in thousands)

Account	FY 2005 Actual	FY 2006 Estimate	FY 2007 Request
FSA	2,000	1,703	1,570

The countries of Central Asia are critical allies in the Global War on Terrorism and the region is an important potential source of world energy supplies. At the same time, Central Asia faces pervasive poverty, authoritarian rule, political repression, serious health issues, and the potential for extremism.

The regional nature of Central Asia's development challenges requires coordinated and integrated U.S. assistance. All countries in the region have a vital stake in improving regional management of shared water resources, which are absolutely essential to the agricultural sector and energy supply sector. The ecological problems posed by the disappearing Aral Sea also have regional consequences. Health issues are rapidly becoming regional in nature. The incidence of tuberculosis, HIV/AIDS, and drug use has increased dramatically in all countries of Central Asia. Although regional trade is essential to Central Asia's overall economic development, many barriers to cross-border trade continue to exist and are particularly difficult to overcome. Risk of regional conflict mounts as communities across artificially-made national borders share scarce resources and face unemployment.

To meet these challenges, U.S. regional assistance to Central Asia is designed to work across borders to foster the growth of small and medium enterprises, promote civil society, expand access to information, fight infectious diseases, encourage better use of the region's water and energy resources, expand access to basic education, mitigate conflict, and address other cross-cutting issues within the region. Regional resources will complement country resources to allow for multi-country expansion of activities supporting regional objectives.

## South Asia Regional Fund

(\$ in thousands)

Account	FY 2005 Actual	FY 2006 Estimate	FY 2007 Request
ESF	992	990	2,000

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 crucial 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, Sri Lanka and Kashmir.

- 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. Key results thus far include a project introducing child-centered learning in classrooms throughout Pakistan which has increased parental engagement and allowed educators to foster democratic thinking and participation in their schools. (Pakistan/Bangladesh/Afghanistan)
- 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. Key results thus far include a civil education project in Pakistan and Bangladesh in which educators in middle school classrooms help students to identify local public policy issues and work with community leaders to create solutions. This has allowed many villages to obtain their first garbage collection trucks, for schools to get much needed speed bumps to provide for student safety and for schools to open and/or expand libraries. (Afghanistan/Pakistan)
- 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 (Bangladesh); and support for a region-wide Muslim women’s rights network. Key results include a successful Imam training program in Bangladesh which trained community leaders on development,

women's rights, human rights, trafficking in persons issues and the importance of promoting moderation.

- Conflict mitigation, reconciliation and confidence-building projects: Including small-scale health, employment- generation, education and civil society projects with Muslim populations in Sri Lanka and India, and possibly in Kashmir. Key results include a program that brought 16 youth participants aged 14-17 from Afghanistan in the summer of 2005 for a three week summer camp in Maine to focus on conflict resolution and leadership skill-building with fellow Indian and Pakistani youth. At the program wrap-up session, students recalled how they have overcome their biases toward one another and have discovered how their similarities far outweigh their differences. Each participant expressed commitment toward working to bring their nations closer together.

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