

# WESTERN HEMISPHERE

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**Argentina**  
(\$ in thousands)

Account	FY 2005 Actual	FY 2006 Estimate	FY 2007 Request
FMF	-	49	40
IMET	1,119	1,089	1,135
NADR-ATA	125	216	50
NADR-EXBS	50	550	200

The top U.S. priorities in Argentina are to promote economic growth, strengthen democratic institutions, and improve good governance practices. Argentina participates actively in hemispheric institutions and assumed a non-permanent UN Security Council seat in 2005. The Government of Argentina (GOA) has supported U.S. security goals through participation in international peacekeeping operations and by advocating the non-proliferation and interdiction of weapons of mass destruction (WMD) on the global and regional level. Argentine security services cooperate closely with the United States on counterterrorism and counternarcotics activities. Continued assistance to the GOA is crucial to advancing our objectives of strengthening Argentina's peacekeeping, counterterrorism, and counternarcotics capabilities.

Foreign Military Financing (FMF) will assist Argentina's armed forces in bolstering their peacekeeping capacity through the development and maintenance of a communications capability with coalition forces. FMF will also support peacekeeping training and deployment and provide upgrades and spare parts for vehicle, aviation, and naval equipment. Funds will also provide C-130 logistical support and improve the Argentine military's ability to respond to natural disasters.

The International Military Education and Training (IMET) program continues to contribute to our efforts to build a professional, appropriately-sized military dedicated to the rule of law, subordinate to civil rule, and which demonstrates respect for human rights. IMET trains civilian experts to effectively administer the Argentine defense establishment and promotes regional stability by encouraging expanded Argentine involvement in civilian-to-military and military-to-military contacts with the United States. IMET courses increase Argentine interoperability with U.S. and NATO forces and strengthen Argentine capabilities to contribute to UN peacekeeping missions. As South America's third largest contributor of troops to international peacekeeping operations, training in peacekeeping further encourages Argentina's participation in these activities. Argentina will be eligible to receive Excess Defense Articles (EDA) on a grant basis under Section 516 of the Foreign Assistance Act. Equipment received under this program will enhance interoperability and continued cooperation with the United States, NATO and other partners in peacekeeping operations.

Nonproliferation, Anti-terrorism, Demining, and Related Programs (NADR) brings Argentine officials to the United States for valuable briefings and training. In addition, the United States continues to promote training and exchange programs with Argentine law enforcement and judicial authorities to reduce international crime.

The trafficking of Colombian heroin through Argentina and Uruguay via commercial air carriers and couriers to the East Coast of the United States remains a threat. Colombian cartels have increased their use of organized Mexican transit groups to move large amounts of Colombian heroin from Uruguay and Argentina to the Mexican border, for further distribution in the United States. In 2005, DEA and GOA seized 1.5 tons of cocaine that was smuggled via Argentina's ports and waterways into Europe. To combat this problem, International Narcotics, Crime, and Law Enforcement (INCLE) funding trained police for interdiction activities. Such training has bolstered Argentina's counternarcotics capabilities, as evidenced

by a significant increase in drug seizures in 2005, surpassing two tons of cocaine, the largest amount seized since 1995. According to Argentina's Secretariat for the Prevention of Drug Addiction and Counternarcotics Programs' (SEDRONAR) drug seizure statistics, cocaine seizures for the first three quarters of 2005 increased by 66 %, as compared to the same period in 2004.

**Bahamas**  
(\$ in thousands)

Account	FY 2005 Actual	FY 2006 Estimate	FY 2007 Request
FMF	99	99	80
IMET	341	386	225
INCLE	992	495	500
NADR-ATA	734	1,532	-

The United States has a strong interest in a cooperative and stable partnership with The Bahamas due to its proximity to our borders, as a major destination for U.S. visitors, and the prominent role it plays in regional organizations such as the Caribbean Community (CARICOM). U.S. priorities in The Bahamas include: ensuring the safety and security of approximately 30,000 U.S. permanent residents and more than 4,000,000 annual American visitors; stopping the movement of illicit drugs and illegal migrants through the Bahamian archipelago; combating international financial crime; and encouraging The Bahamas' constructive leadership role in promoting democracy, stability, free trade, and economic prosperity in the Caribbean region. The Bahamas has expressed willingness to cooperate on several programs promising greater security to the United States, including the Container Security Initiative (CSI), Megaports, and the Proliferation Security Initiative (PSI).

The Bahamas, the Turks and Caicos Islands, and the United States are partners in "Operation Bahamas and Turks and Caicos (OPBAT)," an international, multi-agency drug interdiction effort that has reduced the amount of cocaine destined for the U.S. that passes through The Bahamas from nearly 80 percent in the 1980's to under 10 percent today. Program participants cooperate in missions against suspected drug traffickers and frequently undertake search and seizure operations. Although the interdiction of illegal migrants is not a specific mandate of OPBAT, drugs and illegal migrants often are linked, and therefore OPBAT helps disrupt migrant trafficking. In 2005, the U.S. and The Bahamas interdicted more than 4,000 illegal migrants. International Narcotics Control and Law Enforcement (INCLE) funding provides operational support, training and equipment for Bahamian drug enforcement operations and investigations. INCLE funding also supports go-fast interceptor boats provided to the Bahamian police, contributes to the operation of three OPBAT facilities in The Bahamas, and supports legislative and policy reform to enhance the effectiveness of the Bahamian government in combating narcotics trafficking.

The Bahamas is a major offshore financial center. The Bahamian government is committed to countering the threat illegal drug trafficking, money-laundering, terrorism financing, and other financial crimes pose to its sovereignty and banking industry. INCLE funds will continue to support training and workshops to assist The Bahamas combat these crimes. The United States works closely with Bahamian officials to support anti-money-laundering efforts and to encourage the Bahamian government to seize more effectively drug traffickers' assets. The Financial Action Task Force removed The Bahamas from its list of officially monitored countries in 2005.

Foreign Military Financing (FMF) funds will improve maritime interdiction capability by providing spare parts, training, operational and maintenance support, and communications equipment and by improving infrastructure. The Royal Bahamas Defense Force (RBDF) will receive individual and unit equipment, weapons, ammunition, and training so that it can fully support enhanced interdiction and better control its borders. International Military Education and Training (IMET) will help develop a more professional and efficient security force by providing Bahamian military personnel courses in basic military and maritime training and attendance at the Naval Staff College. The Bahamas is eligible in FY 2007 to receive Excess

Defense Articles (EDA) on a grant basis under Section 516 of the Foreign Assistance Act. EDA will promote counterdrug efforts, maritime support, interoperability, and modernization of equipment.

**Belize**  
(\$ in thousands)

Account	FY 2005 Actual	FY 2006 Estimate	FY 2007 Request
FMF	698	198	175
IMET	308	198	245
Peace Corps	1,793	1,855	1,869

United States assistance to Belize focuses on combating criminal activity, implementing counternarcotics programs, and protecting the country's national parks and nature preserves. Improving the administration of justice, fighting corruption, and making the police more effective will create better conditions for U.S. investors and traders and for the almost one million U.S. citizens who visit Belize each year.

Because of its proximity to the United States, its long coastline dotted with many islands and inlets, and its geographical position linking Central American and Caribbean states, Belize is an ideal transit point for illicit drugs headed for the United States. Easy access to the United States and Mexico makes Belize an attractive staging area for other international crimes as well. It is a market for vehicles stolen in the United States, a hide-out for U.S. fugitives, a potential site for money laundering, and an origin point for smuggled wildlife, artifacts, and contraband goods. International Narcotics Control and Law Enforcement (INCLE) Latin American Regional funding has been successfully used to provide training and assistance to combat drug organizations; facilitate the collection and dissemination of counternarcotics intelligence and the interdiction of illicit drugs; improve Belize's ability to deter and detect money laundering; and upgrade its passport security and border controls. It also helped establish the new Coast Guard. In FY 2007, INCLE funds will help develop a forensic lab and the investigative capability of police and prosecutors.

International Military Education and Training (IMET) and Foreign Military Financing (FMF) programs will provide training and equipment to maintain a small, but disciplined, Belize Defense Force (BDF) and the newly-established Belizean National Coast Guard. BDF troops served with the CARICOM in Battalion peacekeeping operations in Haiti and participated in regional training exercises with U.S., British, and Caribbean forces. IMET in the areas of mid-level officer training and equipment maintenance, as well as the rule of law and discipline in military operations, greatly improves the professionalism and competence of the BDF and the Coast Guard. This will make the BDF a more effective partner when operating with U.S. forces in joint exercises and operations, particularly in the counterdrug area. FMF assistance will focus on improving logistical support for the BDF and providing the weapons, ammunition, spare parts, maintenance, and training needed to improve the capability of BDF forces at the company level. FMF will also provide spare parts and communications equipment to the Belizean National Coast Guard. Belize will be eligible in FY 2007 to receive Excess Defense Articles (EDA) on a grant basis under Section 516 of the Foreign Assistance Act. The provision of grant EDA promotes interoperability and equipment modernization.

U.S.-provided assistance resulted in numerous benefits in 2005 in administration of justice, defense, and law enforcement, with the capture and extradition of 10 U.S. fugitives in 2005. In November 2005, when four tourists were lost at sea (three of whom were American citizens), search and rescue training provided through IMET funds and communications equipment provided through INCLE funds to the BDF and Coast Guard enabled Belizean rescue teams to find and safely return three of the four missing divers. Additionally, U.S. counternarcotics efforts helped Belizean authorities in September 2005 to seize 2,375 kilos of cocaine – the largest drug seizure in the country's history.

**Bolivia**  
(\$ in thousands)

Account	FY 2005 Actual	FY 2006 Estimate	FY 2007 Request
ACI	90,272	79,200	66,000
CSH	16,495	16,479	14,689
DA	8,186	10,091	10,000
ESF	7,936	5,940	6,000
FMF	-	990	25
IMET	-	792	45
P.L. 480 Title II	12,607	15,699	24,000
Peace Corps	2,955	3,128	3,080

The primary U.S. goal in Bolivia is to maintain our historical partnership on issues of common interest: strengthening Bolivia's democratic institutions, promoting economic and social development, and stopping the illicit production of coca and export of cocaine to the U.S. The election in late 2005 of a government that campaigned on promises that included decriminalizing coca and nationalizing private property pose challenges to Bolivia's relationship with the U.S., and we will require flexibility to protect our core interests. The USG will continue also to engage with the new government (as circumstances allow), the military and, particularly, the regional governments.

Bolivia's dire need for reform will continue despite its change in leadership. Bolivia's per capita gross national income is among the three lowest in the hemisphere, and it has failed to convince its distrustful populace of the benefits of employing modern economic practices. Full respect for human rights and a transparent judiciary remain goals rather than realities. Political disputes often end in violence and massive disruptions to citizen's daily lives. Social and regional fragmentation is worrisome. The country's borders are poorly safeguarded and not effectively monitored. Bolivia remains the world's third largest producer of illicit coca.

The new government has pledged to continue working against narco-trafficking. Andean Counterdrug Initiative (ACI) funding will continue disrupting cocaine production, trafficking routes, and the export of cocaine to the U.S. Requested funding will allow continuation of the work to identify and destroy illegal crops subject to forced eradication and to provide alternatives to coca farming.

Economic Support Funds (ESF) will promote trade capacity, competitiveness, democratic practices, strengthen municipal and regional governments, and further administration of justice reform. Development Assistance (DA) and Child Survival and Health (CSH) funds will increase economic opportunities, help incorporate the disadvantaged indigenous groups into the mainstream, and support GOB health-sector priorities. CSH funds will also support the Amazon Malaria Initiative; Avian Flu initiatives; integrated health, nutrition, and vaccination programs for children; and the decentralization of public health care services at the primary level.

Our principal objective for Foreign Military Financing (FMF) funding for Bolivia is to provide essential support to Bolivian Army military police battalions, counterdrug units, and a counterterrorist unit. FMF will be used to educate, train, and equip a Bolivian Military Police Command, as well as continue to increase the effectiveness of their counterterrorist and counternarcotics forces that support the global war on terrorism and other traditional national/internal security roles. These efforts will improve the capability of the Bolivian military to control remote areas, thus denying their use by terrorists, drug traffickers, and other

transnational criminals. FMF funds will provide individual equipment, vehicles, weapons, and ammunition; communications and data processing equipment; and support for field activities.

International Military Education and Training (IMET) funds will provide professional military education to key Bolivian military personnel, principally through attendance at U.S. military command and staff colleges, with a focus on civil-military relations, resource management, and democratic institution building. Bolivia will be eligible in FY 2007 to receive Excess Defense Articles (EDA) on a grant basis under Section 516 of the Foreign Assistance Act. Transfer of grant EDA will support Bolivia's counternarcotics efforts, interoperability for international peacekeeping operations, and modernization of their armed forces.

**Brazil**  
(\$ in thousands)

Account	FY 2005 Actual	FY 2006 Estimate	FY 2007 Request
ACI	8,928	5,940	4,000
CSH	8,710	3,069	5,985
DA	3,479	8,007	8,000
IMET	-	50	45
NADR-ATA	150	975	790
NADR-EXBS	50	75	200

Brazil is a regional leader and is seeking to expand its presence on the world stage. U.S. national interests in Brazil include promotion of sustainable economic growth and regional stability; expansion of free trade; control of international crime, terrorism, and drugs; poverty alleviation; environmental protection; and reduction of infectious disease. The United States and Brazil cooperate effectively on numerous issues of mutual concern, including promoting democratic values and stability, combating international crime, preserving natural resources, promoting efficient energy use, fostering trade and investment, and reducing hunger and poverty.

Brazil is the largest economy in South America and home to significant U.S. investment. Brazil is a major participant in World Trade Organization (WTO) negotiations and the Free Trade Area of the Americas (FTAA) process. Brazil's sound economic policies focused on fiscal responsibility, sound monetary policy, and structural reform over the course of three different presidential administrations have allowed it to weather several financial crises and are contributing to broad-based, sustainable economic growth.

Brazil is the only country that borders all three major coca-producing countries in the hemisphere making it an important transit country for illegal narcotics flows. Andean Counterdrug Initiative (ACI) will fund programs to improve the efficacy of local law enforcement, as well as diminish the local market for illegal drugs. ACI assistance has benefited the Brazilian Federal Police by helping them link their Special Investigative Units, resulting in real time intelligence sharing, which helped to coordinate efforts to combat the drug trade throughout the country. The USG successfully sponsored counternarcotics training for thirty trainers and their dogs to support regional operations and contributed to the success of Brazil's drug prevention education program - the world's second largest outside of the U.S., having trained nearly 5 million Brazilians using the DARE curriculum.

Development Assistance (DA) funds will increase benefits to rural poor and shape future land-use trends over large areas of Brazil, especially the Amazon, while continuing to mitigate the global impacts of climate change and biodiversity loss. Following advocacy by the USG, the GOB created 3.7 million hectares of newly protected areas and enlisted civil society in mapping out protected areas and planning strategies for sustainable forest use in newly designated "forest districts" along the Cuiabá-Santarem highway. Consolidation of this expanded conservation mosaic, now the largest expanse of protected tropical forests in the world at 25 million hectares, demonstrates how U.S.-supported partners are influencing large-scale development trends in the Amazon and integrating new conservation opportunities with on-going biodiversity partnerships with indigenous peoples.

DA funding will also be used to provide a mechanism for policy dialogue on Brazil's energy problems; implement a comprehensive training program; support the development of Brazil's relatively untapped renewable energy market; and foster the establishment of micro-credit programs and revolving funds. With USG assistance, an additional 1,375,000 people were connected to the national power grid under the "Light

for All Program” in 2005, including 65,000 people who gained access to renewable energy-based services as a direct result of USG interventions. U.S. assistance also resulted in the construction of the “Apertadinho” small hydro power plant (30MW) and two other similar facilities (20 MW each) in the Amazon Region. When completed, they will generate 7,750 short and long-term jobs, and avoid 1,500,000 tons of carbon emissions over a ten year period. By the end of the program, the number of Brazilians without access to adequate energy will be reduced by 30 percent and there will be an estimated 50 percent increase in Brazil's installed renewable energy generation capacity.

DA resources will help promote free trade and the participation of micro and small enterprises (MSEs) in trade-led growth, by working closely with Brazilian institutions that are directly concerned with this sector. In 2005 the USG selected four representative small producer clusters for technical assistance to improve access to export markets and competitiveness, resulting in over \$650,000 in exports being negotiated in 2005 and approximately 750 jobs created. By the end of the program, USG assistance will have contributed to an increase in the two-way trade involving small businesses, the development of a roadmap that will facilitate the entry of thousands of small companies into the global marketplace (primarily in the poor north and northeast), government policies more conducive to MSE trade, and a 15 per cent increase in trade-related MSE employment.

Brazil's large population, tropical location, and widespread poverty make it a focal point for the spread of infectious disease. Brazil's Health Ministry estimates over 600,000 Brazilians are infected with HIV and 135,000 with tuberculosis (TB). Brazil also has the highest number of malaria cases in Latin America. Child Survival and Health (CSH) funds will be used to reduce the transmission of targeted communicable diseases by expanding social marketing and behavior-change programs, addressing AIDS education in the workplace, strengthening NGOs, improving surveillance and research, and strengthening TB control. With USG assistance, more than 25,000 health professionals, including 800 laboratory technicians and 200 laboratory managers, have been trained. As a result of this investment, the national positive case detection rate has increased from 23 percent in 2003 to 53 percent in 2004. CSH funds will also support an At-Risk Youth Program aimed at improving disadvantaged youth job opportunities through technology-based and other market-driven training and enhanced employability skills. Over 60 per cent of the participants in the pilot projects have found viable jobs.

Brazil has substantial influence over the entire South American continent and its military actively participates in international peacekeeping and other multilateral efforts. International Military Education and Training (IMET) courses for mid-level and senior Non-commission Officers will support Brazil's efforts to modernize and professionalize its armed forces and help strengthen the principle of civilian control of the military. Other training in equipment maintenance and logistics will enhance Brazil's ability to maintain its inventory and further encourage Brazil's participation in international peacekeeping and humanitarian operations. In FY 2007, Brazil will be eligible to receive Excess Defense Articles (EDA) on a grant basis under Section 516 of the Foreign Assistance Act. EDA will be used to promote interoperability and modernization of equipment.

## Chile

(\$ in thousands)

Account	FY 2005 Actual	FY 2006 Estimate	FY 2007 Request
FMF	495	594	500
IMET	600	644	690
NADR-EXBS	-	470	200

Chile is a key partner of the United States in promoting the principles of democracy, human rights, and free trade. U.S. national interests in Chile include promoting prosperity and regional security through enhanced bilateral and multilateral economic and commercial ties, military cooperation, reform of the criminal justice system, and cooperation on a range of important regional and global issues in multilateral fora. U.S. security and regional stability are enhanced through U.S. support of Chilean participation in international peacekeeping operations and the interoperability of Chilean forces with U.S. and other peacekeeping forces.

International Military Education and Training (IMET) funding will contribute to Government of Chile (GOC) efforts to professionalize its armed forces and increase their interoperability with U.S. forces through the continuation of management training courses for mid-level and senior Non-commissioned Officers (NCOs). Training in equipment maintenance, logistics, and resource management will increase Chile's ability to maintain U.S. equipment in its inventory. Prior U.S. military assistance helped shape the Chilean military to make it more modern, professional, and willing and able to support U.S. security goals and operations. Their recent initiative to form a joint PKO unit with Argentina is another positive step in promoting security and stability. In FY 2007, Chile will be eligible to receive Excess Defense Articles (EDA) on a grant basis under Section 516 of the Foreign Assistance Act. Equipment received under this program will enhance interoperability and modernization of equipment, supporting Chile's continued cooperation with the United States and other countries in peacekeeping operations.

Chile is now, or has been, an important contributor of peacekeeping forces. Foreign Military Financing (FMF) will provide needed equipment to Chile's armed forces participating in peacekeeping operations, including helicopter upgrades and combat-support equipment. FMF will also support Chile's National Peacekeeping Operations Center, including the provision of specialized individual equipment and infrastructure improvements. FMF will also support counterterrorism units, including the establishment of a deployable nuclear-biological-chemical and mass casualty unit.

Chile is not a center for the production of illegal drugs, but increasingly serves as a transit zone for drugs bound for Europe and the United States and is a source of precursor chemicals. Additionally, Chile's proximity to producer countries such as Bolivia and Peru, its dynamic economy, and well-developed banking system combine to make the country vulnerable to money laundering. International Narcotics Control and Law Enforcement (INCLE) funds from the Latin American Regional account will assist Chile in implementing effective money laundering and precursor chemical controls, and enhance its own narcotics investigation, interdiction, and demand reduction capabilities.

**Colombia**  
(\$ in thousands)

Account	FY 2005 Actual	FY 2006 Estimate	FY 2007 Request
ACI	462,767	464,781	465,000
FMF	99,200	89,100	90,000
IMET	1,700	1,683	1,680
NADR-ATA	5,118	5,318	3,090
NADR-HD	-	300	750
NADR-SALW	-	200	-
P.L. 480 Title II	3,419	-	-

With U.S. support, Colombia is transforming into a secure, democratic, and economically prosperous country capable of undertaking a greater role in the problematic Andean region. Continued U.S. support for this transformation serves U.S. interests in reducing the flow of cocaine and heroin to the U.S., overcoming the threat to Colombian and regional stability from terrorist organizations, protecting the welfare of a large U.S. citizen community, promoting human rights and international humanitarian law, enhancing our growing trade and investment ties, and developing important energy resources. Of continued priority concern are the three U.S. citizens who remain hostages of the Revolutionary Armed Forces of Colombia (FARC), designated by the U.S. Government as a Foreign Terrorist Organization (FTO). The U.S. is working closely with the Government of Colombia (GOC) to ensure their safe recovery.

The blueprint for Colombia's on-going transformation is the Government of Colombia's "Plan Colombia," a program to strengthen Colombian democratic institutions, promote respect for human rights and the rule of law, intensify counternarcotics efforts, foster socio-economic development, address humanitarian needs, and end the threats to democracy posed by narcotics trafficking and terrorism. Because their complex narcotics and terrorism challenges also threaten U.S. and regional interests, the USG has provided extensive support for Plan Colombia. The original Plan Colombia (1999-2005) was highly successful by all measures, but the job is not finished. Progress must continue. The GOC is therefore following up with a Plan Colombia Consolidation Phase (PCCP) for 2006-10 to build on and consolidate the progress achieved thus far. Colombian success has had the paradoxical effect of increasing the operational pace of all our programs and reinforcing the need for continued assistance in order to maintain the momentum. While providing continued support, the U.S. will continue to work towards the goal of nationalizing programs as Colombia increasingly assumes responsibility for its activities.

The draft PCCP discussed with the U.S. Government has three components that continue the most important elements of the original Plan Colombia. The fourth component, support for demobilization, is an important new activity contributing directly to achievement of the first three. The PCCP components are:

- Combating narcotics trafficking, terrorism and transnational crime;
- Economic and social reactivation;
- Strengthening institutions and the justice system; and
- Demobilization of illegal armed groups and the reintegration of their former members.

The USG agrees with the broad priorities contained in the PCCP plan, insofar as it has been made available. The GOC has been told that we will seek continued funding in consultation with the Congress through the Andean Counterdrug Initiative (ACI), as well as Foreign Military Financing (FMF), International Military Education Training (IMET), Non-Proliferation, Anti-Terrorism, Demining and Related Programs (NADR), and other budgetary vehicles.

ACI funds will provide for counternarcotics programs including alternative development, humanitarian assistance, judicial reform, and institution building. The substantial investment and gains made by using ACI funds need to continue to maximize Colombia's drug interdiction and eradication efforts. Recent ONDCP reports of declining purity and increasing prices of both cocaine and heroin on U.S. streets, while too early to establish a trend, are promising. The Colombian National Police, with U.S. support, set a new record in 2005 for the aerial eradication of coca crops, spraying nearly 140,000 hectares of coca, and at least this level of spraying needs to continue in 2006 and 2007 in order to ensure that there is no resurgence in coca cultivation. Manual eradication will continue to complement aerial spraying in areas with adequate security. Thanks to increased Colombian participation in aviation activities, in FY 2005 the number of U.S. contractor pilots and mechanics was reduced by over 100. FY 2005 was also the first year since 2000 without a significant increase in the number of U.S.-supported helicopters or fixed-wing aircraft in Colombia, thus easing the need for new U.S. training programs.

Continued funding for alternative development, institutional building, and rule of law programs will be directed towards long-term projects that aim to create sustainable changes in the culture and economy and transfer program implementation and management capabilities to the GOC. The alternative development and institution building efforts include emergency and longer-term assistance to vulnerable groups and displaced persons, and programs promoting the rule of law, local governance, human rights, agribusiness and private sector development, trade capacity building, and economic policy reform. Our programs in Colombia have helped over 2,600 child ex-combatants, approximately over one and a half million displaced persons, and almost 900,000 other vulnerable persons to date. An estimated 64,000 families have received assistance through alternative development programs and over 1,000 infrastructure projects have been built using ACI funding. Reports published by the GOC and NGOs confirm that our human rights efforts are producing results: homicides in 2005 dropped to their lowest rate since 1987; kidnappings, extra-judicial executions and extortion all continued to fall.

Colombia's demobilization and reintegration programs represent a significant opportunity for bringing peace and stability to Colombia. The GOC is two years into an ambitious peace process with the United Self-Defense Forces of Colombia (AUC) intended to dismantle that paramilitary organization. More than 14,000 AUC members have disarmed and demobilized in groups, with the remainder expected to do within the first quarter of 2006. In addition, over 8,000 members of Colombia's FTOs have deserted and demobilized individually. Continued U.S. assistance will make a key contribution to the demobilization process.

Foreign Military Financing (FMF) funds will be used to continue support for Colombia's national security strategy, which focuses on extending central government authority and governance to areas heretofore prey to terrorists and narcotics traffickers. The United States will provide operational support (training, supplies, repair parts, maintenance, and infrastructure enhancements) and specialized items (weapons, night vision goggles, and communications equipment, etc.) to the Army. These funds will continue support for the battlefield medical evacuation program, the army's specialized and mobile units, and (at lower levels) the army's regular brigades and other units. Colombia's specialized units are at the heart of its national security strategy to secure national territory and regular units will be called upon to consolidate the gains made by the more mobile units.

Our 2007 request places greater emphasis on improving the logistics, maintenance, and training infrastructure of the Colombian armed forces, which will be critical to ensuring long-term success and increase the ability of Colombia to assume responsibility for USG-supported programs in the future. Units already trained by the U.S. to provide protection to the Cano Limon-Covenas pipeline - a key element of Colombia's economic infrastructure - will receive additional munitions, equipment and training to sustain this high profile and important mission. Support will also include maintenance for the national training center and developing an automated logistical system.

FMF will also support the Colombian Navy and Air Force, including: the provision of interdiction boats; additional combat aircraft; training and infrastructure improvements; and maintenance and operational support for Colombia's transportation fleet and helicopter program, improving the ability of the entire Colombian military to provide forces quickly for operations throughout the country. FMF funds will support naval interdiction programs by providing secure communications equipment, spare parts, and assistance to sustain an operations center. Riverine forces will benefit from spare parts and other logistical support. The Colombian military's efforts to execute its unified campaign against terrorism and narcotics trafficking will benefit from the establishment of an air intelligence network, a strategic communications network, and support for information operations. FMF funds will support these intelligence and information programs, including providing communications equipment, computers and training. Finally, FMF will continue to support reform of the military justice system.

The International Military Education and Training (IMET) program complements key U.S. objectives in Colombia by providing training for the Colombian military with a strong emphasis on human rights. Colombia will be eligible in FY 2007 to receive Excess Defense Articles (EDA) on a grant basis under Section 516 of the Foreign Assistance Act. Transfer of grant EDA to Colombia supports our primary foreign policy objectives of counterterrorism and counternarcotics.

With NADR funding, USG programs will assist in addressing the rampant and well documented trafficking in illicit arms across Colombian borders. The support of the U.S. SA/LW destruction program of small arms and handguns will contribute to improving security in the region. NADR funding will also continue support for the successful Anti-Kidnapping Initiative (AKI). The AKI provides tactical and investigative training and equipment to the GOC's military and police specialized anti-kidnapping units (Unified Action Groups for Personal Liberty-Spanish acronym "GAULA"). The AKI is also developing an interagency database to collect, analyze, and disseminate information on kidnappings; upgrading Colombian training facilities; and enhancing Colombian interagency coordination. Our proposed program will continue training of GAULA units, and includes a "train the trainers" component, with the GOC assuming a greater share of expenses. As the GOC assumes more responsibility for anti-kidnapping training, it will move towards providing anti-kidnapping training and support to other countries in Latin America. NADR funding will also support continued development of training in Cyber Investigations and Hostage Negotiations, needed to improve the GOC's crisis management capabilities.

Finally, it should be noted that the GOC's own contributions for programs to counter narco-terrorism have grown markedly, but without coming at the expense of social programs. Colombia fulfilled its Plan Colombia commitments to increased public security funding every year. Real budgets, after inflation, have grown 30% since 2001. More than 140,000 National Police and Army soldiers have been added since 2000, with training and equipment support from the USG. Tax and pension reforms, as well as an improved economy, partly due to increased security, have boosted government revenues and enabled the Colombian government to increase security and social spending. The GOC's 2006 budget for educational, health, and social programs is \$12.7 billion, or nearly three times the \$4.48 billion provided for defense spending.

**Costa Rica**  
(\$ in thousands)

Account	FY 2005 Actual	FY 2006 Estimate	FY 2007 Request
IMET	-	50	45
Peace Corps	1,747	1,794	1,843

U.S. national interests in Costa Rica are the promotion of trade and of a vibrant, diverse economy, increased counternarcotics cooperation, support for sustainable development, and sound environmental management – areas where Costa Rica has been a regional leader. The Government of Costa Rica (GOCR) has for decades proven itself to be a strong ally in promoting economic development and integration, human rights, and regional stability. Costa Rica has become a staunch U.S. partner in the fight against international crime, cooperating with U.S. law enforcement efforts in the region. The U.S.-Central America Free Trade Agreement will provide an important opportunity for Costa Rica to attract investment, create jobs, and deepen economic integration with its Central American neighbors.

As a relatively prosperous nation with a strong, diverse economy, Costa Rica benefits from fewer direct U.S. aid programs than most of its neighbors. Because of its peaceful history and its democratic traditions, the assistance the United States provides to Costa Rica is a sound investment. Costa Rica does not have a military, relying on its Public Security Forces for defense. International Military Education and Training (IMET) programs will professionalize the Coast Guard and law enforcement services through courses such as counterdrug operations, rule of law, and discipline in military operations and technical training. Likewise, as the GOCR assumes an increasingly sophisticated counternarcotics role, other training will provide access to modern, state-of-the-art law enforcement methods, as well as assistance in equipment maintenance, logistics, and resource management. Counternarcotics training will focus on operational skills, as well as on joint exercises to improve interoperability with U.S. forces. Costa Rica will be eligible in FY 2007 to receive Excess Defense Articles (EDA) on a grant basis under Section 516 of the Foreign Assistance Act. EDA will be used to promote interoperability and modernization of equipment.

The GOCR recognizes the growing threat it faces from narco-trafficking. International Narcotics Control and Law Enforcement (INCLE) funds from the Regional Latin America account support Costa Rica's expanding counternarcotics programs, which amplify and reinforce U.S. hemispheric law enforcement efforts. In 2005 the GOCR seized a record-setting 6.7 metric tons of cocaine destined for the U.S. Costa Rica has also been a very cooperative partner on the law enforcement front, extraditing 59 fugitives to the United States since 1998, six of whom were extradited in the last six months of 2005.

**Cuba**  
(\$ in thousands)

Account	FY 2005 Actual	FY 2006 Estimate	FY 2007 Request
DA	-	1,980	-
ESF	8,928	8,910	9,000

The primary goal of U.S. foreign policy towards Cuba is to hasten the transition to a democratic, market-oriented government in Cuba. Our policy is based on six pillars: empower Cuban civil society; break the Cuban dictatorship's information blockade; deny resources to the Cuban dictatorship; illuminate the reality of Castro's Cuba; encourage international diplomatic efforts to support Cuban civil society and challenge the Castro regime; and undermine the regime's "Succession Strategy." U.S. national interests in Cuba also include protecting American citizens and controlling U.S. borders by ensuring safe, legal, and orderly migration from Cuba.

The USG will use State-administered Economic Support Funds (ESF) to implement the recommendations of the report of the President's Commission for Assistance to a Free Cuba (CAFC). This report details a program to augment our current activities undertaken under Section 109(a) of the Cuban Liberty and Democratic Solidarity (LIBERTAD) Act, and seeks a more proactive, integrated, and disciplined approach to undermine the survival strategies of the Castro regime and contribute to conditions that will help the Cuban people hasten the dictatorship's end.

ESF will also support USAID-administered programs with democracy and human rights groups. Funding will focus on organizations that disseminate information on democracy, human rights and market economies to the Cuban people (including those that provide humanitarian assistance to victims of political repression and their families). The key target groups for assistance will include women, Afro-Cubans, and youth as well as libraries, labor organizations, human rights groups, and other independent non-governmental organizations in Cuba. The U.S. will continue to seek international support from Latin America and Europe by working with third-country NGOs to raise awareness of Cuban government repression and to encourage third-country involvement in hastening a democratic transition in Cuba.

The FY 2007 request continues to focus on existing innovative programs designed to uphold democratic principles, support for democratic institutions, and promotion of human rights. Funding will support in-country training of civil society groups and members of the peaceful democratic opposition on how to expand their membership and scope of activities, with the goal of hastening a democratic transition.

## Dominican Republic

(\$ in thousands)

Account	FY 2005 Actual	FY 2006 Estimate	FY 2007 Request
CSH	13,099	12,721	11,338
DA	7,372	7,065	6,009
ESF	2,976	1,980	12,000
FMF	992	941	725
IMET	1,194	1,287	1,085
NADR-ATA	111	239	979
Peace Corps	2,908	2,875	2,871

The U.S. has a strong interest in helping the Dominican Republic take advantage of the opportunities provided by the Central America-Dominican Republic Free Trade Agreement (CAFTA-DR) and lay the groundwork for further economic recovery and sustained growth. A Dominican Republic with deepened trade ties to the United States will be an important advocate of prosperity in the hemisphere through free markets and free trade. The Dominican Republic can also be an important ally in U.S. efforts to help Haiti emerge from its current crisis and consolidate a democratic and stable government.

U.S. assistance to the Dominican Republic, through both Development Assistance (DA) and Economic Support Funds (ESF), is designed to strengthen governance, promote democratic systems, combat transnational crime, strengthen economic systems, and promote effective public health programs. U.S. efforts to strengthen governance in the Dominican Republic will continue to focus on fighting corruption and improving the criminal justice system. In recent years, U.S. support encouraged NGOs to push successfully for legislation to provide greater accountability over public spending. Continued support will encourage further such policy reforms to strengthen governance. U.S. programs will build also on successful ongoing efforts to improve the Dominican criminal justice system, which in turn will further a variety of security and law enforcement goals. Administration of justice projects will continue to focus on reforming police training practices, as well as build on its successes in reducing criminal case processing times and vastly expanding access to public defenders.

Instrumental in securing the Dominican Republic's ratification of CAFTA-DR in 2005, U.S. assistance will help achieve further improvements in the efficiency of the country's business regulatory system (which have cut in half the time needed to register a business, from 78 to 32 days) and promote CAFTA-DR implementation by expanding the benefits of free markets to vulnerable sectors of the economy. As the Dominican Republic works to meet Millennium Challenge Corporation criteria, ESF-funded rural development projects will help in the adjustment to CAFTA-DR.

U.S. assistance will also maximize the impact of relatively low levels of Dominican investment in health, education, and environmental protection - helping increase teacher effectiveness through material design, classroom training techniques, and building on existing programs to boost NGO and private sector involvement in the environment.

Because of high levels of Dominican emigration to the United States and high local levels of infectious diseases like HIV/AIDS, the United States has a direct interest in strengthening the Dominican public health system. Child Survival and Health (CSH) funds will continue a program that has already funded six outpatient clinics and tested 117,000 patients for HIV, improved the country's overall health care, and reduced the spread of HIV/AIDS and maternal and child mortality.

International Military Education and Training (IMET) funds will help secure close cooperation on a range of key security issues, including terrorism, narcotics, weapons, and illegal immigration. IMET funds are also a critical tool in ensuring that Dominican security forces follow internationally accepted norms on human rights and rule of law. The Dominican Republic will be eligible in FY 2007 to receive Excess Defense Articles (EDA) on a grant basis under Section 516 of the Foreign Assistance Act. EDA will be used to promote interoperability and modernization of equipment.

The Dominican Republic plays a key role in regional interdiction efforts in the Caribbean. The Foreign Military Financing (FMF) program enhances Dominican interoperability with U.S. forces. FMF funds will support two of the country's highest priorities: training and equipping new security units to control its border with Haiti, an initiative arising out of a 2005 border assessment study under the direction of the U.S. Army's Southern Command and maritime interdiction. FMF will support coastal patrol boats used in support of homeland security operations and provide tactical communications to facilitate coordination of the military's natural disaster response efforts. In addition, FMF will be used to enhance air force operations by providing support equipment and spare parts.

## Eastern Caribbean

(\$ in thousands)

Account	FY 2005 Actual	FY 2006 Estimate	FY 2007 Request
FMF	1,113	889	775
IMET	591	764	765
Peace Corps	3,254	3,160	3,234

The seven island nations of the Eastern Caribbean share a language, culture, and a common set of vulnerabilities to natural disaster, economic dislocation, and threats to law and order and stability owing to their isolated location off South America's northern coast. The principal U.S. interest in Barbados, Antigua and Barbuda, Dominica, Grenada, St. Kitts and Nevis, St. Lucia, and St. Vincent and the Grenadines is to prevent and combat transnational criminal activity and terrorism, narcotics trafficking, alien smuggling, and financial crimes. As these Eastern Caribbean countries form a significant portion of our "third border" their exposure to transnational threats directly affects our homeland security.

A major U.S. goal in the Eastern Caribbean is to increase the capacity of national security forces of the region to deal with these transnational threats. The United States seeks to strengthen the national security organizations of seven Caribbean Regional Security System (RSS) member states to meet these challenges. With U.S. assistance, the RSS has taken on a more robust law enforcement role in recent years. Most recently, U.S. supply of air assets and supplies permitted the RSS to intervene effectively and restore order after a September 2004 hurricane devastated Grenada. Foreign Military Financing (FMF) funds will sustain maritime and ground service operational capabilities and readiness for counterdrug operations, illegal migrant interdiction, search and rescue, and disaster relief efforts. FMF provides a significant portion of the countries' Coast Guard funding, essential to the entire spectrum of security operations.

International Military Education and Training (IMET) funding and joint exercises will be used for professional military education, civil-military relations, and technical training. Five of the seven Eastern Caribbean nations will host matches of the 2007 Cricket World Cup, the third largest sporting event in the world. Securing this event will provide a unique coordination challenge for the security organizations and the RSS. FMF and IMET funds will provide needed support to future and ongoing programs developing and reinforcing the security organizations' capabilities in preparing and responding to possible threats during the event. The seven countries of the Eastern Caribbean will be eligible in FY 2007 to receive Excess Defense Articles (EDA) on a grant basis under Section 516 of the Foreign Assistance Act. EDA will be used in the region to promote interoperability and modernization of equipment.

**Ecuador**  
(\$ in thousands)

Account	FY 2005 Actual	FY 2006 Estimate	FY 2007 Request
ACI	25,792	19,800	17,300
CSH	-	-	2,000
DA	6,609	6,578	5,644
ESF	11,901	2,970	6,000
FMF	-	495	25
IMET	-	50	45
NADR-SALW	-	200	-
Peace Corps	3,051	3,155	3,080

Ecuador is a staunch U.S. ally against narco-trafficking and terrorist violence. It maintains a strong bilateral relationship with the U.S. on all issues, but suffers from endemic political instability and weak institutions. USG engagement will be vital to keeping the country on track in the face of regional and internal trends towards populist ideology and anti-Americanism. Our support will strengthen Ecuador's democratic institutions, promote economic prosperity, help the government address security concerns along its northern border with Colombia, combat narcotics, terrorism and human trafficking, and promote sustainable development.

Ecuador is not a significant narcotics producer, but its location between two source countries for coca and heroin poppy cultivation make it an important transit country for illegal drugs, precursor chemicals, and arms. The northern border's proximity to rebel-held Colombian territory, the lack of licit employment opportunities in that region, isolation from Quito, and poor governance, have also made the area ripe for narco-terrorist influence and recruitment. Continued U.S. involvement is key to encouraging border security cooperation between Colombia and Ecuador and essential to averting further spillover from Colombia and the rest of the Andes.

Andean Counterdrug Initiative (ACI) funding supports a range of programs that enhance the professionalism and counternarcotics capabilities of Ecuador's national police and military and improves living conditions in the vulnerable northern border region. Funding will provide tactical vehicles and equipment for northern border patrols and operations and coastal and riverine mobility, and logistics packages for all three services. Additionally, funding will support operations and maintenance of fixed and rotary-wing logistical aircraft. ACI funds will bolster GOE land and coastal patrolling to counter use of Ecuador for the transshipment of narcotics, precursor chemicals, arms, and migrants (including special interest aliens), and other illegal activities.

To complement this assistance to Ecuador's security forces, ACI funds will mitigate the economic allure of the illegal drug industry by supporting economic development programs in areas that are a particular risk. The provision of water systems, roads, and bridges; support to local governance; and other activities will provide income and employment opportunities to improve the quality of life for thousands of economically and socially disadvantaged people along Ecuador's vulnerable northern border with Colombia.

Controlling Ecuador's northern border is key to preventing the spread of narcotics production and its associated violence from Colombia. Foreign Military Financing (FMF) will support the quick reaction and maritime forces responsible for controlling that area. FMF funds will be used to provide individual equipment, repair parts, and specialized equipment to address deficiencies of units operating along the border. FMF will also provide tactical vehicles, communications equipment, equipment to enhance coastal

and riverine mobility, and logistics packages for the armed forces. FMF will also support operations and maintenance of logistical aircraft. Ecuador has sent peacekeeping troops to Haiti, and FMF funds will increase Ecuador's readiness for such peacekeeping operations.

Expanded International Military Education and Training (E-IMET) funds will fund courses for military officers and civilians with a focus on the following themes: civilian control of the military, respect for human rights, military justice reform, and management of defense resources. Ecuador is eligible in FY 2007 to receive Excess Defense Articles (EDA) on a grant basis under Section 516 of the Foreign Assistance Act. Non-lethal EDA will be granted on a limited case-by-case basis to enhance interoperability and modernization efforts, improve military support of civilian law enforcement efforts against drug traffickers and traffickers of persons, and strengthen humanitarian and disaster response capabilities. NADR Small Arms and Light Weapon funds will be available to help the GOE destroy MANPADS, excess Small Arms and Light Weapons, and ammunition.

Economic Support Funds (ESF) will support the democratic system by strengthening the justice sector, building democratic local governance, fighting corruption, and supporting free and fair elections. These funds will support the implementation of economic reform policies that promote free and fair trade, creating economic opportunities and reducing poverty by fostering more equitable growth. Ecuador is currently in the final stages of negotiating a Free Trade Agreement with the U.S. In the long-term, only growth and poverty reduction can bring political stability to Ecuador and allow the country to defend itself against the threats of narco-trafficking, terrorism, and radical populism.

Development Assistance (DA) funds will strengthen the microfinance sector, increasing access to micro-entrepreneurs' services. Because long-term sustainability is crucial to meaningful economic development, DA programs will promote responsible use of Ecuador's natural resources, including management and conservation efforts in the Galapagos Islands and other important areas. Child Survival and Health (CSH) funding will allow completion of a household health survey.

## El Salvador

(\$ in thousands)

Account	FY 2005 Actual	FY 2006 Estimate	FY 2007 Request
CSH	7,555	8,144	7,348
DA	26,675	22,511	7,557
ESF	-	-	10,000
FMF	1,488	9,900	5,500
IMET	1,794	1,782	1,825
NADR-ATA	267	119	-
P.L. 480 Title II	617	-	-
Peace Corps	2,609	2,671	2,859

The principal U.S. interests in El Salvador are encouraging economic development and prosperity, supporting democracy, fighting international crime and illegal drugs, deterring illegal immigration, and promoting U.S. exports. The benefits of this policy are internal and regional stability, fewer criminal threats to the United States, reduced illegal immigration, and increased trade. El Salvador is a regional model for economic, military, and institutional reform.

In support of our principal law enforcement interests in El Salvador, programs funded by International Narcotics Control and Law Enforcement (INCLE) Latin American Regional funds will strengthen police management systems, including internal affairs and investigative functions. INCLE will continue to provide training and technical support related to counternarcotics and money laundering, police anti-street gang initiatives, as well as equipment and operational support to police units combating trafficking in humans.

Broad-based economic development in El Salvador will improve prospects for U.S. exports and help reduce the pressures driving illegal immigration. One of the greatest prospects for this economic growth is through implementation of the U.S.-Central America-Dominican Republic Free Trade Agreement (CAFTA-DR). ESF-funded rural development projects will help in the adjustment to CAFTA-DR. Development Assistance (DA) will be used to build trade capacity, improve competitiveness and increase job creation by helping the Government of El Salvador (GOES), as well as producers and small businesses, benefit from free trade regimes. DA programs will assist the rural poor by improving agricultural productivity and export marketing, strengthen small and medium enterprise capacity and access to credit, protect water resources through improved watershed management and expand access to quality basic education. DA resources will help address impediments to free trade expansion, including increasing GOES and private-sector capacity to meet U.S. import standards and to help the GOES implement fiscal policy reforms to increase tax revenues needed to finance social sector investment. The program will continue to strengthen democratic institutions by streamlining the judicial process, expanding the use of alternative dispute resolution, supporting efficient local government through decentralization, promoting anti-corruption programs, and providing training for political party development

Child Survival and Health (CSH) funds will improve child survival and maternal health among the rural population through activities to enhance health systems capacity, coverage and efficiency, and to improve reproductive health services. Funds will expand access to better obstetric and infant care services, improve community health, nutrition and access to clean water and sanitation, and prevent infectious disease, including HIV/AIDS.

International Military Education and Training (IMET) funds will be used for professional training programs that will maintain the professionalism of the Salvadoran military. El Salvador became eligible in FY 2005 to receive Excess Defense Articles (EDA) on a grant basis under Section 516 of the Foreign Assistance Act. Transfer of EDA to El Salvador contributes to U.S. interests by reducing the burden placed on the United States in responding to natural disasters and providing humanitarian assistance. EDA fosters defense cooperation and enables the Salvadoran military to respond more effectively to contingencies. EDA also increases the ability of the Salvadoran armed forces to support efforts to fight drug trafficking and assists efforts to help the Salvadorans shift from combat-oriented units to units that can support peacekeeping operations.

El Salvador has proven to be an enthusiastic and reliable partner and has deployed five consecutive contingents to Iraq in support of Operation Iraqi Freedom. These contingents have directly contributed to enhance security and stability in Iraq through mounted and dismounted patrols; checkpoint security; training of Iraqi Civil Defense Forces; protection of convoys, community leaders infrastructure and through the creation of over 120 humanitarian reconstruction projects.. El Salvador is home to one of the three Cooperative Security Location (CSL, formerly known as the Foreign Operating Location) in the hemisphere, which support the U.S. priority of counterdrug operations in the Pacific corridor and Colombia. The Salvadoran Legislative Assembly ratified the CSL agreement in August 2000. From April 2001 through December 2005, the CSL contributed to the seizure of over 193 metric tons of cocaine bound for the United States. El Salvador is a transit point for illegal immigration and drugs to the United States, and Foreign Military Financing (FMF) will allow the Government of El Salvador to better patrol its borders, participate in coalition and peacekeeping operations and support disaster relief operations. Disaster relief has created a needed and positive role for the military, helping to erase years of popular mistrust of the armed forces and preparing the government of El Salvador to deal with future emergencies and to participate in coalition operations such as those in Iraq. FMF funds will be used to improve the navy's interdiction capabilities and availability to participate in joint maritime interdiction efforts through the acquisition of communications equipment, training, as well as operations and maintenance support. FMF will also be used for spare parts to help restore and sustain the significant U.S. investment in the 1980-90's in EDA UH-1 helicopters, maritime vessels, and engineering equipment, used today for counternarcotics operations and for post-disaster reconstruction.

## Guatemala

(\$ in thousands)

Account	FY 2005 Actual	FY 2006 Estimate	FY 2007 Request
ACI	992	-	-
CSH	11,311	12,040	10,838
DA	10,824	9,699	7,515
ESF	5,952	4,455	13,000
IMET	444	396	490
INCLE	2,820	2,475	2,200
P.L. 480 Title II	16,807	21,613	18,500
Peace Corps	3,719	3,840	3,797

The United States has a strong interest in promoting political stability and economic growth in Guatemala – the country with the largest economy and population in Central America – and in improving bilateral cooperation to combat corruption and transnational criminal activities. We have excellent working relationships with Guatemala and President Oscar Berger has helped create a more effective partnership across a range of national security-related issues, including narcotics trafficking, trafficking in persons, youth gangs, and illegal immigration. The United Nations has opened a resident Office of the High Commissioner for Human Rights that has the authority to investigate and report on human rights abuses and is working with the government to establish a special UN-sanctioned unit to fight organized crime. As Guatemala’s major trading partner, the United States also has an important interest in encouraging an open trading system and a healthier investment climate to attract U.S. investment and provide a robust market for U.S. exports. Entry into force of the seven-nation U.S.-Central America -Dominican Republic Free Trade Agreement (CAFTA-DR) in 2006 will provide an important opportunity for Guatemala to attract investment, create jobs, and deepen regional economic integration. As Guatemala works to meet Millennium Challenge Corporation criteria, ESF-funded rural development projects will help in the adjustment to CAFTA-DR. U.S. assistance to improve Guatemalan law enforcement and administration of justice is of direct benefit to the large number of American tourists and citizens residing in Guatemala. Better education, health services, and more jobs in rural areas reduce the appeal of crime and illegal immigration.

Support for full implementation of the 1996 peace accords remains a high priority for the U.S. Government. Implementation is creating positive socio-economic change that can bolster stability, foster greater political legitimacy, and promote broad-based economic growth. Economic Support Funds (ESF) will strengthen key elements of a functioning democracy: the justice system and local governance. Specifically, ESF funds will improve the justice sector through the establishment of decentralized justice centers, promote effective and democratic governance of the security sector, promote and support anti-corruption measures, and support representative, accountable, and decentralized local government. ESF-funded programs to enhance administration of justice will help the government strengthen criminal justice institutions, including police and prosecutors, as well as enforce laws related to protection of intellectual property, worker rights, and other human rights. ESF supports a community policing pilot program designed to prevent and combat youth gang-related crime.

Development Assistance (DA) funds will help to foster transparent, accountable governance at both the national and municipal levels, as well as support ethnic reconciliation. DA funds will help the Ministry of Education address priority reforms, such as high levels of repetition in first grade, provide standardized tests and teacher evaluations, and extend coverage in remote areas. DA funds will help implement CAFTA-DR, enabling Guatemala to benefit more fully from free trade. In addition, DA funds will foster Guatemala’s

economic policy and governance, private sector growth and competitiveness, and promote sustainable management of natural resources and biodiversity conservation. To leverage additional resources, public-private alliances will be a principal business model.

Child Survival and Health (CSH) funds will support the Government of Guatemala's efforts to create a healthier population through more efficient social sector investment and transparency. Working through the Ministry of Health (MOH) and non-governmental organizations (NGOs), CSH funds will extend Guatemala's primary healthcare system and improve its quality, resulting in better maternal and child health and nutrition, less maternal mortality and unintended pregnancy, and better reproductive health. Reducing the spread of HIV/AIDS is a priority. Alliances with the private sector will also be used to address health issues.

Expanded International Military Education and Training (E-IMET) will support Guatemalan military efforts to continue the modernization and professionalization of its armed forces, and will include training involving civilian control of the military, respect for human rights, military justice reform, and management of defense resources.

Guatemala will be eligible in FY 2007 to receive EDA on a grant basis under Section 516 of the Foreign Assistance Act. Non-lethal EDA will be granted on a limited case-by-case basis to enhance interoperability and modernization efforts, improve military support of civilian law enforcement efforts against drug traffickers and traffickers of person, and strengthen humanitarian and disaster response capabilities.

Guatemala's strategic location makes it a significant transit point for narcotics flows destined for the United States. International Narcotics Control and Law Enforcement (INCLE) funds will support U.S.-Guatemalan counternarcotics cooperation by providing training and equipment for the anti-narcotics division of the national civilian police and provide support for eradication of opium poppies. INCLE funds will also assist in modernizing the judiciary and reforming anti-drug and money laundering legislation. INCLE funds will expand the activities of prosecutors and investigators involved in anti-money laundering, anti-corruption, and counternarcotics investigation task forces. It will support an aggressive public awareness campaign on the damage inflicted by drug abuse and trafficking and continue ongoing port-of-entry security projects.

**Guyana**  
(\$ in thousands)

Account	FY 2005 Actual	FY 2006 Estimate	FY 2007 Request
DA	3,572	3,960	4,000
FMF	99	99	75
GHAI	14,753	18,000	25,000
IMET	296	297	320
Peace Corps	1,535	1,609	1,614

U.S. interests in Guyana include solidifying democracy, fostering good health, preventing the transit of drugs, and supporting market-based economic growth and development. Guyana has a large and ecologically diverse rain forest, significant untapped mineral reserves including gold and bauxite, and agriculturally diverse resources but remains among the poorest countries in the hemisphere. Guyana's democracy suffers from deep ethnic divisions, frequent electoral violence, and a long-standing border dispute with its much larger neighbor Venezuela.

Bolstering Guyana's democratic institutions is essential to the country's long-term development and regional stability. Development Assistance (DA) funds will strengthen the law-making and regulatory process, increase the capacity of civil society organizations, encourage the growing participation of women in government, and build sustained institutional capacity to conduct free and fair elections. DA funds will then help the newly-elected National Assembly to increase transparency in its administrative and fiduciary functions. To enhance democratic governance, DA funds will also assist the Executive and Legislative branches to prepare legal reforms needed for local elections. A new DA-funded activity would provide investigative and professional journalism training for Guyana media owners, editors/reporters, and journalism students. Continued work to promote inter-ethnic cooperation and resolve national and local conflicts is critical to the country's stability.

Guyana has the second highest rate of HIV/AIDS infection in the Western Hemisphere and is a focus country of the President's Emergency Plan for AIDS Relief (Emergency Plan). Global HIV/AIDS Initiative (GHAI) funds will fund programs to prevent mother-to-child transmission (PMTCT) of HIV/AIDS and several youth health initiatives. These funds will also be used to expand prevention, treatment, and care activities rapidly through the construction of a national HIV reference laboratory and the provision of free anti-retroviral therapy. USG interventions will contribute to preventing 14,000 HIV/AIDS infections in Guyana by 2008. U.S. programs have already helped provide care and support services to more than 1,100 people infected with HIV, including more than 800 orphans and vulnerable children; some 9,000 persons will receive care and support services by 2008. Another achievement is construction of an expansion of the National Blood Transfusion Service. Further details are provided in Section I under the heading Global HIV/AIDS Initiative.

Guyana is one of the poorest countries in the hemisphere with a per capita income of less than \$1,000 and economic growth since 1998 averaging 0.3% annually. Guyana has qualified for debt relief under the Enhanced Heavily Indebted Poor Countries (E-HIPC) initiative. Given the small size of Guyana's domestic market, renewed growth must come largely from exports, which will require substantial economic reform. DA funds will improve the climate for private investment, refine and modernize trade-related policies and legislation, enhance sound economic policies, strengthen the private sector's influence on policy development, and support small and micro enterprises. The slow opening of Guyanese markets will create important niches for U.S. exports as well as promote economic growth and development.

The Guyana Defense Force (GDF) is inadequately funded and unable to control its border and vast, sparsely populated interior, a significant factor in Guyana's increasing role as a transit country for narcotics bound for the U.S. and Europe. Growing bilateral military cooperation is helping to improve GDF capabilities. Foreign Military Financing (FMF) will purchase communications equipment, spare parts for vehicles, aircraft, and associated training. Guyana will be eligible in FY 2007 to receive Excess Defense Articles (EDA) on a grant basis under Section 516 of the Foreign Assistance Act. EDA boats and International Military Education and Training (IMET) will significantly boost the GDF Coast Guard's ability to interdict narcotics. IMET will provide training in professional military education, including a variety of counternarcotics and maritime-related courses as well as promote civil affairs and improve crisis management.

A small USG counternarcotics/crime program is funded through the International Narcotics Control and Law Enforcement (INCLE) Latin American Regional program. The program will provide limited equipment and training to Guyana's under-equipped, inexperienced counternarcotics agencies. In addition to providing training and equipment for general counternarcotics enforcement, the USG will support specialized, vetted law enforcement units that are being established to focus on the larger transnational criminal organizations operating in Guyana. INCLE funds already helped establish a Financial Investigations Unit, which immediately began investigating money laundering activity. DA programs to strengthen the rule of law and increase the effectiveness of the judicial system will reinforce these programs.

**Haiti**  
(\$ in thousands)

Account	FY 2005 Actual	FY 2006 Estimate	FY 2007 Request
CSH	19,969	19,801	15,812
DA	24,281	29,700	23,143
ESF	39,680	49,500	50,000
ESF-SUP	20,000	-	-
FMF	297	990	775
GHAI	44,095	47,300	63,000
IMET	151	213	245
INCLE	-	14,850	10,000
P.L. 480 Title II	33,024	31,482	34,500
Peace Corps	1,220	548	564

Haiti – the poorest country in the Western Hemisphere – is a transitional state only 560 miles from Florida whose instability poses many threats to U.S. national security and regional stability, including mass migration, narco-trafficking, and the spread of HIV/AIDS. To mitigate these risks, our assistance aims to transform Haiti into a more stable, prosperous, and democratic nation that is able to join us in defense of freedom and democracy and to contribute to regional stability. Our engagement, carried out in coordination with the UN and international donors, will pursue four interrelated objectives: strengthening governance, improving security and the rule of law, fostering broad-based economic recovery, and addressing critical humanitarian and social needs.

With elections scheduled for early 2006, our focus will be on strengthening elected officials' capacity to govern, with particular emphasis on fiscal responsibility, legislative processes, and national reconciliation. Recent Economic Support Funds (ESF) provided support in three major areas for political parties, the Provisional Electoral Council (CEP), and international and domestic observers. Our assistance to the CEP allowed it to provide accurate and timely information to the media and ensure timely dissemination of elections results. Program support strengthened the ability of political parties to compete effectively and peacefully in elections. The U.S. funded 11 Political Party Logistical Support Centers that strengthened the role of the parties in the democratic process by providing technical and logistical support, such as transportation, meeting space, and office supplies.

ESF funding allowed us to second technical advisors to the following Ministries: Justice, Agriculture, Planning, Commerce and Industry, Education, and the Prime Minister's Office. This effort improved governance, fiscal responsibility, and the delivery of services. ESF and Development Assistance (DA) funds will improve the capacity of the Ministry of Justice and provide assistance to legislators and local government officials to strengthen their capacities to meet public needs. Anti-corruption programs will promote transparency, accountability, and responsiveness, with specific programs targeted at victims of organized violence and vulnerable groups. Our support to civil society and the media will enable them to contribute to building a stronger democracy.

U.S. programs to reduce poverty, foster broad-based economic growth, and mitigate environmental degradation will address conditions that contribute to instability and illegal immigration. ESF and DA funds will continue to promote economic growth through activities aimed at increasing the incomes of small agricultural producers, improving market linkages and port facilities, and broadening the availability of credit and financial services to small and micro entrepreneurs. U.S. assistance has created 2,961 long-

term jobs and 207,229 short-term jobs in Haiti. Recognizing that Haiti's extreme environmental degradation will continue to be a roadblock to long-term development and sustainable growth, we will introduce new projects focused on soil conservation, watershed management, reforestation, and other market and natural resource-based interventions. ESF and DA will fund public works activities to create small, productive infrastructures and improve water, sanitation, and erosion control. These activities will generate short-term employment opportunities for vulnerable populations. The U.S. will also continue implementation of early warning systems for natural disasters.

U.S.-funded programs will address the most critical humanitarian needs and reinforce local capacity to deliver social services. Our engagement on health issues to reduce the spread of HIV/AIDS and allow more access to essential health services will continue. As one of the focus countries of the President's Emergency Plan for AIDS Relief (Emergency Plan), Haiti will receive increased funding from the Global HIV/AIDS Initiative (GHAI) account, which will be used to increase prevention, treatment, and care activities; strengthen the public health network capacity through training; and develop public/private partnerships. Further details are provided in Section I under the heading Global HIV/AIDS Initiative.

Child Survival and Health (CSH) funds will improve the health and well-being of women and children by expanding immunization coverage, improving maternal health services, helping families to make informed reproductive decisions, and working with the Ministry of Health to continue efforts to decentralize and improve services. CSH funding in FY 2005 helped provide healthcare services to 40 percent of the Haitian population.

Continuing educational activities will seek to improve the quality of primary education and educational services to out-of-school youth to encourage the social reinsertion of adolescents. Food security programs will target marginalized populations, provide supplemental feeding for vulnerable groups, support agricultural production, and improve household dietary consumption.

In order to strengthen democracy, the USG will assist Haitian security forces, improve respect for human rights, disrupt criminal organizations, and discourage illegal immigration. Through continued support of MINUSTAH and bilateral efforts, our efforts to help stabilize volatile areas, such as targeted urban slums, will focus on countering the impact of gangs and other spoilers on the newly-elected government's nascent rebuilding process.

International Narcotics Control and Law Enforcement (INCLE) funds will be used to enhance the accountability, functioning, and training capacity of the Haitian National Police (HNP). This will be accomplished by working in coordination with the United Nations and other donors to assist in the training of new HNP recruits, and provide equipment to facilitate mobility and communications. U.S. support will be provided to ensure the continued participation of up to 30 U.S. police officers in the civilian police component of MINUSTAH. To stem the drug flow through Haiti, funds will support DEA's Special Investigative Unit and the development of the Haitian Coast Guard's interdiction capability, as well as the GOH's Financial Investigative Unit work to combat money laundering and corruption.

As Foreign Military Financing (FMF) and International Military Education and Training (IMET) are restricted to the Haitian Coast Guard (HCG), our assistance will be used to enhance maritime interdiction and interoperability. FMF funds will support the purchase and installation of communication equipment, provision of spare parts and maintenance for patrol vehicles and the HCG. IMET will focus on courses that enhance HCG operational and logistics skills. Haiti remains eligible in FY 2007 to receive Excess Defense Articles (EDA) on a grant basis under Section 516 of the Foreign Assistance Act. Transfer of EDA will promote our long-standing interests in strengthening democracy and reducing the flow of illegal narcotics and undocumented aliens by providing basic equipment in support of maritime security.

**Honduras**  
(\$ in thousands)

Account	FY 2005 Actual	FY 2006 Estimate	FY 2007 Request
CSH	13,192	13,140	12,170
DA	20,856	18,824	13,290
FMF	1,492	891	675
IMET	1,322	1,089	1,285
P.L. 480 Title II	13,538	10,385	16,000
Peace Corps	3,285	3,344	3,336

Honduras, a close neighbor and long-time U.S. ally, is moving in the right direction for long-term economic growth. In 2005, Honduras joined the United States in ratifying the Central America-Dominican Republic Free Trade Agreement (CAFTA-DR); signed a five-year, \$215 million Millennium Challenge Account (MCA) Compact; reached a completion point under the Heavily Indebted Poor Countries (HIPC) initiative, resulting in massive debt relief; met the requirements for participation in the Container Security Initiative (CSI); and continued to receive high marks for its implementation of a three-year International Monetary Fund (IMF) Poverty Reduction and Growth Facility. In January 2006, the IMF provided debt relief to Honduras under the Multilateral Debt Relief Initiative (MDRI); the World Bank is also expected to provide debt relief under MDRI in 2006. The United States is Honduras' largest trading partner and foreign investor. Despite steady economic growth and progress resulting from the aforementioned programs, Honduras remains one of the poorest countries in the hemisphere and a major source of illegal migration to the United States.

The Honduran government supports the war on terrorism and ratified all of the Organization of American States (OAS) and United Nations (UN) counterterrorism conventions, signed and ratified an ICC Article 98 Agreement, deployed troops to Iraq in support of Operation Iraqi Freedom, and increased efforts to interdict illegal drugs en route to U.S. markets. More than 500 U.S. service men and women are stationed at the Soto Cano Airbase in central Honduras. Thanks in part to U.S. assistance, Honduras held peaceful and democratic national elections under a new electoral law in November 2005, and the U.S. seeks to further improve our strong bilateral relations with the incoming Administration.

U.S. assistance programs support national interests by seeking to:

- strengthen democratic institutions, the rule of law, and social systems;
- deter narcotics trafficking, trafficking in persons, alien smuggling, and other criminal activity;
- combat corruption;
- improve law enforcement capacity;
- address youth gang criminality with an integrated program of prevention, law enforcement, and rehabilitation
- encourage a more transparent court system that provides fair and prompt judgments;
- support the development of effective non-governmental organizations (NGOs) that strive to protect labor and human rights;
- ensure regional stability through cooperative security;
- promote employment (and thereby discourage illegal immigration);
- provide greater legal protection and security for U.S. citizens and firms; and
- provide market and investment opportunities for U.S. businesses.

These programs have produced tangible results over the past year with increased narcotics interdiction; regional leadership in combined operations against illicit trafficking of arms, drugs, and persons; the

passage of a new law to end immunity for government officials and Congressional deputies; the establishment of a new machine-readable passport system; and more professional and effective police and military forces.

Development Assistance (DA) funds will support the diversification and competitiveness of the Honduran economy and provide trade capacity building to meet the challenges and opportunities afforded by CAFTA-DR. The USG will provide funding to ensure more effective natural resource management and disaster preparedness. In addition, DA funds will improve access to basic education and health care, especially for rural women and children. Democracy and governance programs will focus on strengthening the judicial system, decentralization, municipal governance, and civil society development. New programs for civil society, anti-corruption, and electoral reform efforts will allow the United States to capitalize on the current political momentum to advance fundamental reforms in Honduras' political system. ESF funding will be used for support of democracy, anti-corruption, and administration of justice programs (including training and support of the Ministry of Public Security and Attorney General's Office), as well as trade capacity building in environment and labor matters.

Honduras faces a relatively high level of infant mortality, HIV/AIDS, and chronic undernourishment. Child Survival and Health (CSH) programs will focus on preventing HIV/AIDS and other infectious diseases, as well as improving reproductive health and family planning, child survival, and household food security.

Foreign Military Financing (FMF) will provide critical maintenance, training, and operational support for the HOAF to help improve interoperability with U.S. and other regional forces for participation in peacekeeping and coalition operations. FMF will also continue their force transformation against non-traditional transnational threats. It will help the HOAF sustain its critical equipment infrastructure and modestly modernize the navy and air force capabilities linked to interdiction and control of its national territory and national waters through the acquisition of communications equipment, spare parts, training, and logistics support, and sustain HOAF efforts to maintain the operations of its aging ground and aircraft.

The International Military Education and Training (IMET) program for Honduras will enhance Honduran military professionalism, respect for human rights, technical expertise, capabilities in the war on terrorism, and regional military cooperation. Honduras will be eligible in FY 2007 to receive Excess Defense Articles (EDA) on a grant basis under Section 516 of the Foreign Assistance Act. EDA will contribute to Honduras' counterterrorism capacities, strengthen narcotics trafficking interdiction efforts, and enable the Honduran Armed Forces (HOAF) to better conduct disaster relief and search and rescue missions. U.S. security assistance will also facilitate Honduran participation in future peacekeeping operations.

International Narcotics Control and Law Enforcement (INCLE) funds from the Latin America Regional account will be used to improve police and prosecutor investigative techniques and support multi-agency anti-gang efforts.

**Jamaica**  
(\$ in thousands)

Account	FY 2005 Actual	FY 2006 Estimate	FY 2007 Request
CSH	4,542	4,472	2,810
DA	12,219	9,579	7,391
FMF	595	594	500
IMET	757	891	750
INCLE	1,488	990	900
NADR-ATA	65	56	1,355
Peace Corps	2,793	2,890	2,911

The United States has a strong strategic interest in a cooperative and stable partnership with Jamaica due to its proximity to our borders, its position as a major destination for U.S. visitors, and the prominent role it plays in regional organizations such as the Caribbean Community (CARICOM). U.S. priorities in Jamaica include ensuring the safety and security of U.S. citizens on the island, stemming the flow of illegal narcotics and migrants, protecting the interests of U.S. investors, and encouraging Jamaica's constructive leadership role in promoting democracy, stability, free trade, and economic prosperity in the Caribbean region. U.S. programs foster sustainable economic growth, combat narcotics and human trafficking, bolster the effectiveness of Jamaica's security forces and judiciary, and alleviate the social problems that pose threats to economic and political stability. Jamaica is a major transit point for South American cocaine en route to the United States and the largest producer and exporter of marijuana in the Caribbean.

Foreign Military Financing (FMF) funds will provide valuable technical support, communications equipment, training, spare parts, and operations and maintenance for the Air Wing and Coast Guard. Support will also continue for Jamaica Regiment vehicles, ammunition, weapons, night vision goggles, and other equipment for soldiers. International Military Education and Training (IMET) funding will assist the GOJ through training programs that focus on professionalizing the military, developing future leaders, inculcating better resource management capability, and instilling respect for human rights. Both FMF and IMET funding increase JDF readiness and professionalism and enhance the Jamaica Defense Force's (JDF) interoperability. In FY 2007, Jamaica is eligible to receive Excess Defense Articles (EDA) on a grant basis under Section 516 of the Foreign Assistance Act. EDA will be used to support the JDF's increased capability to conduct search and rescue missions, disaster relief, and counternarcotics and peacekeeping operations. It will also enhance interoperability in U.S. - Caribbean joint exercises.

International Narcotics Control and Law Enforcement (INCLE) funding will continue to help Jamaican government anti-drug agencies improve their detection and interdiction capabilities and undertake investigations leading to the arrest and successful prosecution of major drug traffickers and criminal organizations. The Jamaican Constabulary Force (JCF) arrested 5,765 persons, including 203 foreigners, on drug-related charges in the first eleven months of 2005. U.S. funding supports Jamaican implementation of modern anti-crime legislation and the development of effective anti-corruption mechanisms. Training will include investigating and prosecuting complex crimes, anti-money laundering, port security, anti-corruption, and tracing illicit firearms. In 2005, INCLE funding enabled the United States to sponsor a regional conference on money laundering that has resulted in a greater awareness among participants of best practices as well as collaboration on anti-crime legislation that has significantly strengthened safeguards against financial crimes.

Development Assistance (DA) programs seek to increase Jamaica's participation and competitiveness in regional and global trade markets. Combined interventions, including technical assistance, training, and

mentoring, are aimed at stimulating growth in targeted sectors of the economy, namely agriculture, entertainment and culture, tourism and financial services, and are complimented by efforts to partner with the private sector to reduce crime in volatile inner-city communities and strengthen the capability of civil society organizations working to prevent crime and violence. Between FY 2001 and FY 2004, a pilot “Peace and Prosperity Project” along with a community policing program helped reduce major crimes by 68 percent in the once volatile inner-city community of Grants Pen in Kingston.

DA funds will also provide technical assistance to improve natural resource management (including watershed management, coastal area management, and disaster mitigation), which will establish a stronger link between preservation of the environment and income generation. DA funds will also support the GOJ efforts to transform the education system, which seek to improve educational outcomes at the primary and secondary levels while increasing opportunities for out-of-school youth to re-enter the formal school system. Child Survival and Health (CSH) funds will support a variety of initiatives to improve the health of Jamaican youth, including programs that control the spread of HIV/AIDS and other sexually transmitted diseases, and specially-designed, youth-friendly interventions that encourage healthy lifestyles and behavior. Because of the GOJ’s expanding access to services (prevention education, HIV testing and counseling, and epidemiological surveillance), more than 1,000 new infections per year have been averted.

**Mexico**  
(\$ in thousands)

Account	FY 2005 Actual	FY 2006 Estimate	FY 2007 Request
CSH	3,234	3,990	3,720
DA	15,055	14,084	9,282
ESF	13,392	9,009	9,000
IMET	1,253	50	45
INCLE	39,680	39,600	39,000
NADR-ATA	285	-	225
NADR-EXBS	-	550	-
Peace Corps	1,216	1,581	1,610

With a 2,000-mile common border, the United States and Mexico share concerns that include security, health, environment, commerce, demographics, and border infrastructure. Mexico has been an effective partner in addressing counterterrorism and border security vulnerabilities. The bilateral relationship is marked by unprecedented cooperation in such areas as immigration, law enforcement and counternarcotics, hemispheric affairs, and trade and investment expansion. Mexico is the United States' second largest trading partner.

U.S. assistance seeks to encourage the ongoing transition of Mexico toward a more open and participatory government. Economic Support Funds (ESF) and Development Assistance (DA) funds will promote democracy and improved economic competitiveness (including job creation) by strengthening the rule of law and supporting greater transparency and accountability in government. Funds will be used for technical assistance and training to support civil and criminal justice reform, greater respect for human rights, and greater access to justice for disadvantaged populations in targeted Mexican states. Mexico's criminal justice system at the federal and state levels is based on the inquisitorial Napoleonic Code that relies heavily on confessions. Mexican police are focused almost exclusively on obtaining confessions rather than using corroborating evidence to investigate crimes. The Mexican federal government and 26 of the 32 Mexican states have all requested USG assistance in transforming their inquisitorial systems to oral, adversarial justice systems. DA funds will continue justice reform to create the foundation for effective investigation and prosecution of criminals, and better protection of human rights. Reform at the federal and state levels will help resolve the misuse of the criminal system to address commercial disputes and improve business and investor confidence in Mexico.

ESF and DA will continue to support the Training, Internships, Exchanges, and Scholarships (TIES) program. The TIES program establishes university partnerships that utilize the expertise and financial leverage of the private sector and nongovernmental organizations to contribute to a shared U.S. and Mexican development agenda in areas ranging from trade to environmental protection and information technology. The TIES program also provides community college scholarships primarily for rural, indigenous, and disadvantaged Mexican students and teachers to work in areas that stimulate Mexico's economic growth and social development.

DA will support microfinance activities to increase access to financial services for underserved populations, with a focus on rural areas; build the capacity of microfinance institutions; improve the supervisory system; and leverage remittances for savings and investment. DA will encourage new market linkages between small and medium producers and supermarkets; generate new sources of eco-friendly business income, such as shade-grown Chiapas coffee; and form U.S. and Mexican university partnerships for joint action on rural development.

Finally, DA will improve the management and conservation of natural resources in targeted watersheds. Funds will increase community capacity and the involvement of local NGOs in natural resource management; establish alliances among the Mexican government, local communities, and NGOs; and support improved management and clean energy production. Funds will also aid Mexico in fire management planning and capacity development.

Child Survival and Health (CSH) funds will support HIV/AIDS and tuberculosis (TB) prevention and control programs. The TB program will strengthen Mexico's capacity to plan, administer, and implement prevention and control efforts with better laboratory networks, improved technical skills for staff, and targeted community health education.

Mexico remains the major transit country for cocaine entering the United States and a major money laundering center. Mexican opium poppy and marijuana cultivation and the production of heroin and synthetic drugs are serious threats, and Mexican crime organizations figure prominently in the distribution of cocaine, heroin, methamphetamines, and marijuana in the United States. International Narcotics Control and Law Enforcement (INCLE) funds will sustain and build upon progress made in interdiction capacity, supporting successful eradication efforts, and enhancing surveillance and intelligence capabilities. INCLE funds will improve infrastructure at ports of entry to enhance security and facilitate the legitimate and secure movement of people and goods as part of the U.S.-Mexico Border Partnership—a key goal in preventing the use of Mexican territory by terrorists seeking to harm the United States.

Mexican military cooperation is critical to U.S. homeland defense and counternarcotics programs. International Military Education and Training (IMET) funds will be used to strengthen military command and technical capabilities, human rights standards, resource management, and English-language skills. These programs will increase interoperability and enhance cooperation in counterterrorism as well as counterdrug and other law enforcement support missions. Mexico is eligible to receive Excess Defense Articles (EDA) in FY 2007 on a grant basis under Section 516 of the Foreign Assistance Act. Transfer of grant EDA to Mexico serves high-priority U.S. foreign policy objectives by enhancing Mexico's capabilities to counter terrorism and in the struggle against the illicit production and traffic in narcotics.

**Nicaragua**  
(\$ in thousands)

Account	FY 2005 Actual	FY 2006 Estimate	FY 2007 Request
ACI	992	-	-
CSH	7,703	7,699	6,661
DA	26,058	20,843	12,996
ESF	4,467	3,366	3,000
FMF	496	594	500
IMET	274	594	590
NADR-SALW	32	-	-
P.L. 480 Title II	9,710	11,726	12,500
Peace Corps	2,683	2,653	2,582

The primary national interests of the United States in Nicaragua are supporting and strengthening democratic institutions, fostering regional security, and preventing international crime while promoting broad-based economic growth. Since the return of a democratically-elected government in 1990, Nicaragua has made great strides. The USG has supported President Bolaños' unprecedented and largely popular battle against corruption. These reform initiatives are undermined as corrupt political forces continue to control the Legislative and Judicial branch. With U.S. support, Nicaragua has undergone significant economic change over the past decade, allowing it to open its markets, actively seek foreign investment, and sign a \$175 million compact with the Millennium Challenge Corporation. Once implemented, the U.S.-Central America Free Trade Agreement (CAFTA) will provide an opportunity for Nicaragua to attract investment, create jobs, and deepen economic integration with its Central American neighbors and the United States. Continuing U.S. engagement remains an important component of Nicaragua's ongoing effort to become a stable and more prosperous partner.

Development Assistance (DA) is the backbone of our democracy programs in Nicaragua, with a focus on justice sector reform, anti-corruption/transparency, and elections administration reform, all with civil society involvement. Institutions remain weak and subject to manipulation, making U.S. support in each of these areas crucial. DA and Child Survival and Health (CSH) funds support improved access to and quality of basic education, food security, and improved health for rural women and children. DA and CSH have contributed significantly to dramatic improvements in infant, young child and mother's health since the 1990's, with rates of infant mortality and mortality of children under five dropping nearly 50%, contraceptive use increasing by 40%, and immunization rates maintained at about 80%. DA is also crucial to U.S. efforts to promote sustainable natural resource management and increase rural incomes. DA funds support trade capacity development, rural economic diversification, enterprise development (including microenterprise development), infrastructure, and technical assistance to producers, including farmers. PL-480 funds improve food security and nutrition for the most vulnerable.

Economic Support Fund (ESF) support will be used to strengthen the elections administration activities of the electoral commission, including voter registration; assist civil society and NGOs to increase citizen participation; support development of a domestic monitoring to oversee the entire elections process; and support international electoral observations.

Another major U.S. national interest is to enhance Nicaragua's capacity to combat international crime, including narco-trafficking, terrorism, and smuggling. International Narcotics Control and Law Enforcement (INCLE) Latin America Regional funds enhance Nicaraguan law enforcement capabilities,

thus reinforcing regional USG law enforcement goals. Training and equipment will be provided to the anti-drug and financial crimes divisions of the Nicaraguan National Police and aim to strengthen the interdiction capabilities of Nicaragua's maritime forces by rebuilding the GON's larger patrol vessels and helping to equip naval outposts on the Atlantic Coast. Past efforts in these areas have been successful. INCLE assistance helped the GON in FY 2005 to seize a record 6.7 metric tons of cocaine destined for the U.S., a significant increase over the 3.7 metric tons interdicted the year before. Judicial system improvement and anti-corruption programs will fortify law enforcement efforts on the institutional level.

International Military Education and Training (IMET) funds will promote regional security and strengthen democratic institutions. The Nicaraguan National Army has made significant strides in professionalizing and depoliticizing its officer corps, and in submitting to a civilian president. To continue this process, IMET will be used to provide courses in professional military education, to include command and staff colleges, military resource management, human rights, and the role of a modern military within a democratic framework. These courses are crucial if Nicaraguan civilian leaders - many of whom have little direct experience with military institutions - are to lead the military effectively. Nicaragua will be eligible in FY 2007 to receive Excess Defense Articles (EDA) on a grant basis under Section 516 of the Foreign Assistance Act. EDA will be used to promote interoperability and modernization of equipment.

Foreign Military Financing (FMF) funds will enhance the military's new role as a nation-building institution and support modernization, enabling Nicaraguan forces to participate in multilateral operations and enhance interdiction operations. FMF will increase the tactical mobility of the army, fund the purchase of communications equipment needed for PKO and disaster response operations, and provide patrol boats and infrastructure support. Nicaragua provided forces for stability operations in Iraq, but required additional equipment and training prior to deployment. FMF will be crucial to procuring and sustaining equipment in preparation for future regional or coalition operations. Additionally, FMF will purchase communications equipment, training, specialized equipment, and other material for its special forces. FMF programs will also enhance the Ministry of Defense's control over the military.

Funding for the Organization of American States/Inter-American Development Bank (OAS/IADB) program in Nicaragua from the Nonproliferation, Anti-terrorism, Demining, and Related Programs (NADR) account supports one of the most successful humanitarian demining operations in the Western Hemisphere -- another crucial aspect of our efforts to ensure peace, economic development, and regional stability. As in the past, U.S. humanitarian demining contributions for Central America will be directed to the OAS. Most FY 2007 funds will continue to support final clearance in the Northern Atlantic Autonomous Region and canine mine detection operations. The NADR humanitarian demining program is also exploring expanded options for victims' assistance in Nicaragua with FY 2007 funds. Nicaragua has excess Small Arms/Light Weapons stocks, which are at risk of leaking into conflicts in Latin America, Africa, and the Middle East. As Nicaraguan authorities continue to battle narcotics trafficking, they are also uncovering arms trafficking. According to law enforcement sources, most weapons cases in Nicaragua have a link to terrorist organizations like the United Self-Defense Forces of Colombia (AUC) or the Colombian Revolutionary Armed Forces (FARC). In FY 2007, the U.S. again stands ready to continue supporting the GON's efforts to destroy some of those weapons and secure their inventories.

**Panama**  
(\$ in thousands)

Account	FY 2005 Actual	FY 2006 Estimate	FY 2007 Request
ACI	5,952	4,455	4,000
DA	5,125	4,335	3,180
ESF	2,976	990	-
FMF	992	990	775
IMET	955	792	650
NADR-ATA	-	-	50
NADR-EXBS	25	50	65
Peace Corps	2,992	2,812	3,024

U.S. interests in Panama include strengthening regional security, combating international crime, supporting democracy, and reaching accord on a Free Trade Agreement. Panama's strategic location between South and North America, as well as between the Atlantic and Pacific oceans, makes it a crossroads for international commerce, but also a center for international crime, such as drug trafficking, money laundering, trafficking in arms, and illegal immigration. Refugees and occasional incursions by armed insurgents from Colombia's civil conflict pose additional challenges. The United States must continue cooperative efforts with Panamanian law enforcement and other government and non-governmental entities to counter transnational crime and help address the effects of the Colombian conflict, especially in the Darien region that borders Colombia, while working with the Government of Panama (GOP) to help ensure the security and smooth operation of the Panama Canal. The Panamanian Public Forces (PPF; Panama abolished its armed forces in 1990) currently lacks adequate equipment maintenance, basic communications gear, and transportation resources.

Andean Counterdrug Initiative (ACI) funds will bolster security along Panama's border with Colombia. Cooperative programs will disrupt illicit activities by interdicting the illegal flow of drugs, arms, and persons through Panama. The USG will also enhance Panama's capability to combat money laundering and other financial activities that support trans-border crimes and terrorism.

Economic Support Funds (ESF) will be used to improve access to justice and alternative dispute resolution mechanisms, increase accountability and transparency in public management, combat corruption, and strengthen administration of justice at the community level. In cooperation with the GOP and Panamanian NGOs, the United States will promote environmental protection and management policies and programs designed to protect the Canal watershed. DA resources will promote and support anti-corruption reforms and improve the legal framework through justice sector reform.

Foreign Military Financing (FMF) funds will augment the GOP's counterterrorism efforts, security programs, and maritime interdiction activities. FMF funds will help develop the PPF capabilities to respond to threats against critical infrastructure, specifically the Canal, and its land and maritime borders. The focus of our assistance will be on improving the capabilities of units by enhancing their mobility with additional vehicles, aircraft support, and communications equipment and logistical packages. Aircraft support will include enhancing helicopter capabilities with GPS, night vision goggles, and logistical support. FMF will also fund long-duration professional military exchange (PME) programs for the professionalization of the PPF mid-level officer corps and purchase equipment for quick-reaction counterterrorism operations.

International Military Education and Training (IMET) funds will be used to train and professionalize the PPF, including the Institutional Protective Service (SPI). The training will target the mid-grade officer

levels and include strategic and operational staff training courses designed to enhance PPF capabilities to plan and execute security operations (such as responding to threats to the Canal). Training will also be directed toward mid-grade and junior officers in the Police Force (PNP), Maritime Service (SMN), and Air Service (SAN), focusing on resource management, security assistance training, defense planning, and support of democracy and democratic institutions respectful of human rights. Panama is eligible to receive EDA in FY 2007 on a grant basis under Section 516 of the Foreign Assistance Act. Transfer of grant EDA to Panama will bolster Panama's capabilities to provide Canal security, secure its maritime borders, and deal with possible spillover from Colombia's civil war.

**Paraguay**  
(\$ in thousands)

Account	FY 2005 Actual	FY 2006 Estimate	FY 2007 Request
CSH	1,980	2,884	2,106
DA	3,748	4,385	4,130
ESF	2,179	1,980	2,000
IMET	-	50	45
NADR-ATA	146	410	540
NADR-CTF	665	100	-
Peace Corps	2,353	2,504	2,425

In Paraguay, we are working to strengthen democratic institutions, combat terrorism and terrorist financing, and disrupt criminal organizations. Paraguay's institutions remain weak and its fluid borders provide fertile ground for corruption and other criminal activity, including terrorist financing. We leverage our resources both human and programmatic to advance legislative initiatives favoring reform, strengthen the role of civil society in the decision making process, and provide authorities with the necessary tools to prosecute terrorist financiers. Promoting transparency and accountability, economic prosperity, public health reform, and responsible environmental management represent other key priorities as our success in these fields reinforces our efforts to create a democratic, stable partner in Paraguay.

Economic Support Funds (ESF) and Development Assistance (DA) funds will strengthen the capacity of private and public sectors to fight corruption and demand reforms. ESF will promote democracy by strengthening civil society, encouraging anti-corruption reforms, and supporting political party reform. Over the past four years and with U.S. assistance, 40 municipalities have increased property and commercial tax collection by an average of 60 percent in total dollar terms, resulting in additional revenue, more than 300 new or improved local services, and over 170 transparency and participation governance mechanisms, such as public budget hearings and citizen committees for monitoring public works. DA funding will continue to support such programs and will improve access to and accountability in the justice sector. Paraguay's Supreme Court, with USG technical support, has enacted an ethics code for magistrates, including an ethics tribunal with authority to impose sanctions. DA funds will promote economic growth through diversification of markets and products as well as broaden economic opportunities for the poor. In addition, DA funding will be used to help manage key environmental areas, including the implementation of an effective national environmental policy and regulatory framework.

Child Survival and Health Programs Funds (CSH) will improve maternal and child health, make family health care more accessible, and improve grassroots provision of health services. These efforts are increasing access to family planning, improving women's health, and reducing maternal and infant mortality as well as other poverty-related problems.

International Military Education and Training (IMET) funds will continue to help promote regional stability and democracy in Paraguay by increasing the professionalism of military personnel and continuing to develop military respect for civilian authority. IMET-funded courses will be used to train Paraguayan officials and officers with a focus on civil-military operations and sustaining democracy. Paraguay will be eligible to receive Excess Defense Articles (EDA) in FY 2007 on a grant basis under section 516 of the Foreign Assistance Act. EDA will support Paraguayan military efforts to modernize its forces.

Paraguay is a transshipment point for an estimated 40-60 metric tons of cocaine per year. Limited International Narcotics Control and Law Enforcement (INCLE) funds from the Latin America Regional

account will build on progress in strengthening the GOP's capability to disrupt cocaine trafficking operations, combat money laundering, and to pursue and arrest high-level narcotics traffickers. Working with DEA counterparts, U.S.-trained, semi-vetted units seized over 250 kilograms of cocaine, in December 2005. Paraguay's Congress is considering anti-money laundering legislation, drafted with technical assistance from U.S. Treasury experts. We will continue supporting the Anti-Narcotics Secretariat (SENAD), the Financial Intelligence Unit (FIU) of the Anti-Money Laundering Secretariat (SEPRELAD), and the narcotics detection Canine Program. Funding will provide training to judges and prosecutors handling narcotics and money laundering cases and demand reduction assistance to expand efforts to educate school-aged children on the dangers of drug use. We will also help the Ministry of Industry and Commerce fight violators of intellectual property rights through the provision of equipment and operational support and the Ministry of Women through training, equipment, and other assistance to help the GOP prevent trafficking of women and children, protect victims, and prosecute traffickers.

**Peru**  
(\$ in thousands)

Account	FY 2005 Actual	FY 2006 Estimate	FY 2007 Request
ACI	115,370	106,920	98,500
CSH	14,756	14,213	12,736
DA	11,246	9,435	9,000
ESF	4,000	2,970	4,000
FMF	-	198	25
IMET	-	50	45
NADR-ATA	-	119	-
NADR-SALW	-	200	-
P.L. 480 Title II	6,293	9,009	13,000
Peace Corps	2,326	2,704	2,815

Peru continues to be one of our closest regional partners, and shares our objectives on foreign policy, counterterrorism, economic reform, democracy, and counternarcotics. Peru's impressive economic expansion, driven in large part by exports to the U.S. under the Andean Trade Preferences and Drug Eradication Act, is helping the country stabilize and strengthen its economic, political, and social institutions. Peru is attracting foreign investment by modernizing its economy and liberalizing trade, and successfully concluded free trade agreement (FTA) negotiations with the U.S. in January 2006. U.S. assistance in FY 2007 will help strengthen and deepen this partnership with a new administration. Despite progress made thus far, Peru faces considerable challenges. Economic development is uneven. The poverty rate and extreme poverty rate (living on less than \$1/day) remain high at 52 and 19 percent, respectively. More than 60 per cent of the economy is informal, with roughly half of its working-age citizens underemployed. A quarter of all children are malnourished, and the quality of education is one of the lowest in the region. Not surprisingly, Peru's radicals successfully draw support from the most marginalized sectors of society.

Our foreign assistance will bolster economic opportunities for the poor by providing greater access to and participation in commercial markets and increasing the availability of microfinance services for small producers and entrepreneurs. Assistance programs funded by Child Survival and Health (CSH) will help meet the basic nutritional and health needs of the extremely poor, while programs funded by Development Assistance (DA) and Economic Support Fund (ESF) will promote the sustainable use of natural resources and improve local education. Trade capacity building and FTA outreach funded by DA and ESF will spur job creation and promote continuing economic liberalization.

In remote areas of the country, re-energized Shining Path insurgents, working closely with their narco-trafficker patrons, are increasingly mounting lethal attacks against Peruvian officers. Peru is the world's second largest producer of coca leaf and there are signs that opium poppy has established a foothold in the country. Andean Counterdrug Initiative (ACI) funding will provide training, equipment, and technical assistance to the GOP to enable it to continue stamping out illegal coca cultivation and processing, disrupt trafficking routes, and interdict opium latex. Alternative development programs will promote licit economies within the drug zones as an integral part of the counternarcotics program. Our assistance will also improve Peruvian drug interdiction, eradication, and the targeting of drug traffickers.

International Military Education and Training (IMET) funds will be used for training in human rights and the rule of law, and discipline in military operations helps reinforce the notion of civilian control of the

military and reinforces support for the principles of human rights. Training in counternarcotics operations, professional military education, resource management, logistics and equipment maintenance provide the tools needed to professionalize and modernize Peru's military and enhance its capabilities in air operations, and search and rescue operations.

Foreign Military Financing (FMF) funds will improve the military's capabilities to protect Peru's borders, control its national territory, and promote regional stability. FMF funding will upgrade medical, engineering, and general field support to increase the ability of GOP security units to operate in remote areas where illicit crop cultivation and drug production are prevalent and where domestic terror groups seek refuge. Peru will be eligible in FY 2007 to receive Excess Defense Articles (EDA) on a grant basis under Section 516 of the Foreign Assistance Act. Transfer of grant EDA to Peru serves a key U.S. national interest by assisting the GOP to combat illegal narcotics production and trafficking by providing needed equipment to the Peruvian security forces, which are an integral part of the counternarcotics effort.

**Suriname**  
(\$ in thousands)

Account	FY 2005 Actual	FY 2006 Estimate	FY 2007 Request
FMF	99	99	80
IMET	139	149	145
Peace Corps	1,248	1,379	1,469

Suriname continues to struggle to consolidate democratic governance and promote economic stability. Its efforts in these areas are compromised by dependence on a single extractive resource (alumina), the residual effects of a succession of authoritarian (often military) regimes in the 1970s and 1980s, and ongoing tensions among a large number of ethnic-based political parties. The country's location makes it a potential host and transit point for a variety of criminal and, potentially, terrorist elements. Our principal interests in Suriname are strengthening democratic institutions, combating transnational crime and international terrorism, and encouraging economic growth and development. The U.S. also has an interest in Suriname's efforts to protect its rainforest and biodiversity.

Like all of Suriname's under-financed public institutions, the country's military suffers from a lack of equipment, material, parts, and fuel. These deficiencies have significantly inhibited Suriname's ability to secure its borders (the military police have responsibility for immigration functions) and vast, sparsely populated interior, making Suriname a favored transshipment country for drugs and weapons traffickers and alien smugglers. In recent years, Foreign Military Financing (FMF) has contributed to an increase in drug interdictions by the country's armed forces by helping to upgrade communications equipment and training aviation and maritime units. The USG will use FMF for follow-on training and support and help the Ministry of Defense to modernize Surinamese ground forces.

Suriname lacks a fully developed military training infrastructure. International Military Education and Training (IMET) plays a key role in the training of its armed forces. IMET will provide training opportunities that would be otherwise unavailable, such as officer and NCO career courses, and encourage an appropriate role for armed forces in a democratic society. IMET will be used for training that promotes civilian control of the Surinamese armed forces, increases its professionalism and technical expertise, and exposes Surinamese armed forces personnel to U.S. norms and values. Suriname will be eligible in FY 2007 to receive Excess Defense Articles (EDA) on a grant basis under Section 516 of the Foreign Assistance Act. Transfer of grant EDA will assist the Surinamese military in developing and sustaining regional inter-operability, a viable counterdrug capability, and in combating terrorism, migrant trafficking, and arms smuggling.

The current USG counternarcotics/crime program, funded through the International Narcotics Control and Law Enforcement (INCLE) Latin American Regional program, has helped Surinamese counternarcotics elements more than double the amount of cocaine seized between 2004 and 2005. In addition to improving measures against narcotics trafficking, INCLE funds have bolstered Suriname's capacity to combat narcotics trafficking, money laundering, and trafficking in persons. Additional INCLE funding will build upon efforts to create a criminal records database, ensure the continuity of ongoing training on combating organized crime, and allow for further improvement to police radio, computer infrastructure, and equipment to establish Suriname's Financial Intelligence Unit (FIU). With these tools, the country's law enforcement elements will be able to add to significant successes achieved in the past two years, which include the disruption of major drug trafficking organizations through arrests, successful prosecutions of major traffickers, and Suriname's first-ever convictions for money laundering and trafficking in persons.

## Trinidad and Tobago

(\$ in thousands)

Account	FY 2005 Actual	FY 2006 Estimate	FY 2007 Request
IMET	-	49	45
NADR-ATA	49	979	2,849

Trinidad enjoys the benefits of its rich energy resources and close economic partnership with the United States. As our largest supplier of natural gas and a source of oil for many Caribbean countries, it has one of the highest per capita incomes in the Western Hemisphere. Nevertheless, growing violent crime, fueled in part by transnational criminal elements, as well as the activities of a home-grown radical Islamic group, are undermining the country's social fabric and taxing its political system. The U.S. has a strong stake in helping the Government of Trinidad and Tobago (GOTT) improve its domestic security and confront challenges posed by illicit goods moving through the country. U.S. assistance is directed in particular at preserving and strengthening cooperative efforts to combat crime and narcotics trafficking. The U.S. is also encouraging the GOTT to play a more active role in negotiations for a Free Trade Area of the Americas (FTAA) and within the Caribbean Community (CARICOM) on trade matters.

The GOTT has demonstrated its eagerness to cooperate with the U.S. in security and law enforcement. Thanks in part to U.S. counternarcotics assistance through International Narcotics Control and Law Enforcement (INCLE) regional assistance, it has vigorously prosecuted major drug traffickers, seized narcotics-related assets, and charged individuals with money laundering. In 2005, the GOTT significantly increased the number of narcotics seizures and arrests, particularly in cases involving foreign citizens. In August, counternarcotics units made a historic seizure of some 1750 kilos of cocaine with the cooperation of the USG. Similarly, financial investigations are on the rise.

New projects funded with INCLE will provide further training, equipment, and vehicles for the GOTT's counterdrug/crime units, and equipment to help it modernize its courts, with a new focus on money laundering. The Internal Revenue Service (IRS) is helping the GOTT Board of Inland Revenue (BIR) improve tax collection procedures and INCLE funds will support the establishment of a Criminal Investigation Division within the BIR. A U.S. Department of Homeland Security Customs and Border Protection (CBP) Advisory Team works closely with the GOTT Customs and Excise (C&E) Division to increase anti-terrorist and drug interdiction enforcement and to develop a Criminal Investigations Unit. Supporting this work, INCLE funds will establish a passenger analysis unit at the airport and a Preventive Enforcement Network System to enhance communication among C&E units. The GOTT has shared costs with the United States in most of these efforts, including paying for IRS and CBP technical assistance and funding maintenance costs of U.S.-donated patrol boats and aircraft. The GOTT also pays 50 percent of the costs of a unique canine-training program, which INCLE funds underwrite.

Trinidad and Tobago suffers from a high incidence of HIV/AIDS, made all the more serious by widespread ignorance about the disease and prejudice against those afflicted. Child Survival and Health Program (CSH) Caribbean Regional funds will support health programs, especially those focused on HIV/AIDS, malaria, and tuberculosis. The U.S. Centers for Disease Control's (CDC) Caribbean regional office in Trinidad, other U.S. partners, and the GOTT National AIDS Coordinating Committee will collaborate to strengthen programmatic and technical capacity.

International Military Education and Training (IMET) funds will be used to professionalize the military, as well as provide training in medicine, electronics, and defense resource management to help maintain technical proficiencies. Training in communication and maritime operations will help strengthen counternarcotics efforts. Trinidad and Tobago will be eligible in FY 2007 to receive Excess Defense

Articles (EDA) on a grant basis under Section 516 of the Foreign Assistance Act. EDA will be used to promote interoperability and modernization of equipment and will enhance the military's peacekeeping, search-and-rescue, disaster relief, and counternarcotics capabilities.

**Uruguay**  
(\$ in thousands)

Account	FY 2005 Actual	FY 2006 Estimate	FY 2007 Request
IMET	-	49	45

Uruguay will be an important partner for the U.S. in promoting regional stability and building on the positive momentum generated thus far. Other U.S. national interests include maintaining Uruguay's strong democratic institutions; advancing peacekeeping and other military cooperation; and helping Uruguay fight narcotics trafficking, international crime, and money laundering. Uruguay plays a key role in these efforts and in regional politics. The GOU has demonstrated both moderation and a clear desire for good relations with the U.S. In the last year, vigorous U.S. engagement successfully encouraged Uruguay to ratify a Bilateral Investment Treaty and an Open Skies agreement. The U.S. and the GOU also concluded negotiations for a Science and Technology Agreement. Building on these strong ties, the USG will work to ensure that Uruguay's economy continues to grow, including pursuing further openings to U.S. trade and investments.

International Military Education and Training (IMET) will promote regional stability by strengthening the Uruguayan military as a democratic institution. Participation by civilian and military officers in IMET-funded courses will improve civil-military relations and the defense policy planning process to make it increasingly transparent, build civilian expertise in defense matters, and inculcate the principles of human rights in future leaders. Mid- to senior-grade officers attending professional development courses will facilitate the modernization and professionalization of the armed forces. Technical, resource management, and logistics training will help Uruguay maintain and manage its defense resources, improving the Uruguayans' ability to operate with U.S. and international forces in peacekeeping operations, disaster relief missions, and other joint operations. Uruguay will be eligible in FY 2007 to receive Excess Defense Articles (EDA) on a grant basis under Section 516 of the Foreign Assistance Act. EDA will be used to promote interoperability and modernization of equipment, as well as improve their PKO capabilities.

International Narcotics Control and Law Enforcement (INCLE) funds from the Latin American Regional program will help fight illegal drugs and international crime, both of which are increasing threats in Uruguay. The funds will provide training to improve the professionalism of police units, contraband detection efforts, and border controls; and supply equipment and training for nascent money laundering detection and investigation units. The funds will also support domestic demand reduction projects, such as public awareness campaigns.

**Venezuela**  
(\$ in thousands)

Account	FY 2005 Actual	FY 2006 Estimate	FY 2007 Request
ACI	2,976	2,229	1,000
ESF	2,432	-	1,500
IMET	-	-	45

Venezuela is a leading supplier of oil to the United States, host to considerable U.S. investment, and a significant transshipment point for illegal drugs. Democracy and civil rights are under threat. Our efforts in Venezuela focus on promoting human rights and rule of law, supporting at-risk democratic groups, and disrupting and interdicting narcotics.

Venezuela's Executive currently monopolizes national and state power; several laws threaten basic civil and political rights, including freedom of the press, and freedom of speech and association; and changes to the penal code have increased the penalty for so-called "contempt" crimes against public officials. ESF-funded initiatives will support civil society, strengthen at-risk democratic groups, and promote the rule of law and respect for human rights.

Venezuela remains a major transshipment route for illegal drugs destined for the United States, with cocaine from Colombia comprising the majority of this traffic. Andean Counterdrug Initiative (ACI) programs will improve Venezuela's interdiction efforts and help fund the completion of a Port Security Container Inspection facility in Puerto Cabello. ACI funding will also provide training for police and military to enhance Venezuela's drug detection and seizure capabilities and provide training for police investigators, public prosecutors, and judges to improve Venezuela's money laundering and counternarcotics investigation efforts. The USG continues to face challenges in our counternarcotics cooperation with Venezuela, and ACI assistance aims to improve bilateral relations on this issue. We will continue to work closely with our partners to enhance border control and prohibit terrorists, arms and other illicit supplies from crossing between Venezuela and Colombia.

International Military Education and Training (IMET) will seek to strengthen military links and provide important training to the Venezuelan military, including training on human rights. Venezuela remains eligible in FY 2007 to receive Excess Defense Articles (EDA) on a grant basis under Section 516 of the Foreign Assistance Act.

## Operation Enduring Friendship

(\$ in thousands)

Account	FY 2005 Actual	FY 2006 Estimate	FY 2007 Request
FMF	-	3,960	4,000

The Caribbean, our “Third Border,” has become a convenient avenue for transnational criminals trafficking in aliens, narcotics, arms, and other contraband to the U.S. Terrorists could exploit the region’s vulnerability and threaten our homeland security. U.S. assets to counter these threats are stretched thin and Caribbean countries lack the resources and interoperability to adequately maintain control of their own waters and assist the U.S. in maintaining a regional maritime presence.

Operation Enduring Friendship is a multi-year, multinational, regional maritimesecurity initiative to develop a framework in which the U.S. and our regional allies can work together to counter terrorists and other transnational criminals that threaten the Caribbean waters and the U.S. Funding for Enduring Friendship will provide standardized command, control, and communications equipment; training; spare parts; and logistical support for forces that can complement U.S. and other modern interdiction forces partners along our Third Border. Enduring Friendship will strengthen partner nations’ maritime domain awareness and operational capabilities to anticipate and respond to threats, maritime emergencies, natural disasters, and enhance control over illicit trafficking lanes. Enduring Friendship will do this by improving partner nations' maritime command, control, and communications (C3) capability; increasing partner nation interoperability; and integrating partner nations into a common maritime operational picture. The goal is to leverage the maritime patrol and interdiction capability of each individual country into a more effective multilateral capability. Funding will support the Dominican Republic, Honduras, and Panama, with more modest support for the Bahamas and Jamaica.

Enduring Friendship supports the President's Western Hemisphere strategy, the Colombia strategy, the Proliferation Security Initiative, United States Southern Command’s Theater Security Cooperation Strategy, and Panama’s Secure Trade and Transportation Initiative. Enduring Friendship will also lay the foundation for partner nations to participate in maritime theater-wide information sharing and coalition operations. In conjunction with other USSOUTHCOM efforts, Operation Enduring Friendship will increase the Western Hemisphere's collective maritime security.

## Regional Anticorruption Initiatives

(\$ in thousands)

Account	FY 2005 Actual	FY 2006 Estimate	FY 2007 Request
ESF	2,976	990	1,595

Since the first Summit of the Americas opened a hemispheric discussion of corruption, the problem has increasingly been recognized as one of the most serious issues hindering development and good governance facing the countries of the Western Hemisphere. Democracy cannot flourish in the presence of widespread corruption, which misallocates scarce resources, reduces government services and private sector investment, and continually erodes public confidence in government. Economic Support Funds (ESF) will continue regional initiatives to strengthen government institutions and make operational the principles of transparency and accountability. These programs will complement anticorruption initiatives funded through International Narcotics Control and Law Enforcement (INCLE) and Development Assistance (DA).

The Inter-American Convention Against Corruption has been ratified by 33 countries. The Convention requires the criminalization of specific acts of corruption, calls upon States Parties to implement preventive measures such as standards of conduct and internal controls, and provides for mutual legal assistance in cases of corruption affecting more than one country. A Follow-up Mechanism has been developed within the Organization of American States to advance the Convention's practical implementation. Meetings of Experts and peer reviews are developing priorities and national action plans that, without external funding, would not be implemented. Continued funding for technical assistance and training for the development and implementation of these plans will help to ensure participation by relevant civil society groups.

Regular meetings of the Justice Ministers of the hemisphere provide another forum for the development of regional priorities and actions to strengthen individual justice systems and the cooperation among them. U.S. support for the activities identified and new programs of cooperation that may emerge are critical to the continued development of effective criminal justice systems in the region. The Justice Ministers are considering how to improve the operational effectiveness of new codes of criminal procedure that have been developed throughout Latin America in the last ten years. Without an effective overall criminal justice framework, reforms related to criminalizing specific acts of corruption cannot succeed. ESF funds will be made available to continue criminal justice reform activities through regional and sub regional organizations and other cross-border cooperation, where appropriate.

Another important regional anti-corruption initiative is the expansion of the culture of lawfulness program, a curriculum-based approach to fostering societal support for the rule of law. The program was developed by the National Strategy Intelligence Center (NSIC) in Washington, DC and has already been implemented in several countries, including Mexico and Colombia. NSIC has signed an agreement with the Organization of American States to promote the program as a "best practice" throughout the region. Funding will help implement this program in other countries.

## Summit of the Americas Support

(\$ in thousands)

Account	FY 2005 Actual	FY 2006 Estimate	FY 2007 Request
ESF	1,488	2,970	2,000

The Summit of the Americas is a unique mechanism for the 34 democratic heads of state and governments of the Western Hemisphere to advance solutions to common political, economic, and social problems in a multilateral and comprehensive way. Initiated with a U.S.-hosted Summit in 1994 in Miami, the Summit of the Americas not only engages heads of state and governments, but also drives priorities and cooperation among technical ministries, regional institutions, the private sector, and civil society organizations. It is of paramount importance that these groups that promote democratic values have the ability to lend support to the OAS Secretary General and the Permanent Council to act on unconstitutional alterations or interruptions of the democratic order. The Summit of the Americas agenda has reflected and promoted the values of democracy, human rights, and open markets shared by the region's leaders, and their acknowledged responsibility to actively defend those values. Today these values are under attack in countries where "populist" agendas are promoted.

Summits of the Americas in 1998, 2001, and 2004 have focused on strengthening democratic institutions, creating prosperity, and investing in people. The theme of the November 2005 Summit of the Americas was creating jobs to fight poverty and strengthen democratic governance. The 2005 Summit reaffirmed the principle of the Monterrey Consensus that countries have the primary responsibility for their own development, with developed countries committing to help them carry out meaningful economic reforms, solidify democracy, and promote the rule of law. It also underscored the important relationship between sound economic policies for growth and job creation, called for the full implementation of the Inter-American Democratic Charter, and re-affirmed trade liberalization, which includes the FTAA, as a path to prosperity.

The United States implements Summits of the Americas mandates, assists other countries in their implementation efforts, and seeks to leverage additional support from multilateral and bilateral donors for Summit objectives. The primary focus for FY 2007 is to fulfill a Presidential commitment from the 2005 Summit - to create an institution to assess public and private infrastructure proposals that promote high-return, job-creating projects. These assessments will cover financial structure, economic and engineering feasibility, public concession tendering, legal matters, and implementation.

This fund will continue to support the Summit-mandated Justice Studies Center of the Americas (JSCA). The JSCA serves as a clearinghouse of information and expertise on justice sector reform, organizes and sponsors comparative analysis of problems affecting justice sector performance, and provides impetus for the consolidation of reforms within countries. It has worked with or in every country in the region. The JSCA has initiated several important long-term activities including a widely-consulted virtual information center, standards for collecting judicial statistics, and training of trainers and analysis of backlogs to improve prosecution of cases under new criminal procedure codes. In 2007, it plans to expand into civil and commercial law areas and judicial governance, including the promotion of practical measures to ensure judicial independence.

## Third Border Initiative

(\$ in thousands)

Account	FY 2005 Actual	FY 2006 Estimate	FY 2007 Request
ESF	8,928	2,970	3,000

Enhancing regional measures to promote security along our “Third Border” remains vital to the safety of our homeland and a hemispheric priority. The United States and the island nations of the Caribbean are closely linked by travel and immigration. Each year millions of Americans visit the Caribbean, while tens of thousands of Caribbean visitors and immigrants arrive in the United States. Due to the region’s proximity, events in the Caribbean have a direct effect on the United States and have the potential to affect our domestic interests. Illicit trafficking in persons, drugs and firearms, potential terrorism, and other transnational criminal activities threaten the U.S. both domestically and regionally. Caribbean nations are vulnerable to adverse global economic conditions, environmentally fragile, and share our susceptibility to hurricanes and natural disasters, as highlighted by the hurricane seasons of the past several years. The Third Border Initiative (TBI) continues to strengthen our partnerships with Caribbean countries in countering natural and man-made threats to security. Using Economic Support Funds (ESF), we will supplement our bilateral assistance to the 14 Caribbean Community (CARICOM) countries, plus the Dominican Republic, to focus assistance on areas of greatest need.

TBI programs will continue to have a direct, positive effect on the safety and security of U.S. travelers to the region, as well as to the protection of U.S. homeland security. Through technical assessment surveys in 12 Caribbean countries and implementation of follow-on measures to integrate immigration entry-exit systems, TBI is strengthening regional and local border management, protecting against criminal and terrorist elements who seek to travel freely to and through the region, and enhancing the safety of some 5 million U.S. travelers in the Caribbean. In 2004, the Caribbean exported \$12.5 billion worth of goods to the United States alone. The U.S. Federal Aviation Administration continues to work with local civil aviation authorities in the region to upgrade airport and airline safety and security measures. Building on security assessments funded previously under TBI, as well as a variety of ongoing projects to better secure tourism/travel-related facilities, new projects will be aimed at further invigorating travel and border security in the region, through the strengthening of immigration controls, port security, and travel/tourism infrastructure.

Enhancing border security will become an issue of paramount importance in 2007 with the Caribbean hosting the Cricket World Cup - the world’s third largest sporting event after the Olympics and the World Cup (soccer). Thousands of visitors from diverse parts of the world will greatly augment the already significant tourist traffic in the region.

Better planning for natural disasters is also becoming an area of increased importance. Through TBI assistance, the United States will help Caribbean governments prepare for natural disasters through technical improvements to the region’s disaster early warning and communication systems and ensure that disaster risk reduction and mitigation concepts are explicitly integrated into the regions economic planning and implementation. Regional exercises in disaster prevention and management are helping Caribbean planners prepare for a variety of disaster scenarios.

TBI funds will also help smaller economies move toward greater competitiveness by assisting targeted business sectors in the region meet the requirements for successful participation in the global marketplace. The U.S. will help continue to support the development of the private sector with a focus on Antigua & Barbuda and Dominica while at the same time emphasizing diversification and development of business clusters and industries.

## Trade Capacity Building

(\$ in thousands)

Account	FY 2005 Actual	FY 2006 Estimate	FY 2007 Request
ESF	19,840	19,800	20,000

Trade-liberalizing agreements promote economic growth in both the U.S. and our partner countries, reduce poverty by creating jobs, and increase opportunities for U.S. businesses and workers by eliminating barriers to U.S. exports of goods and services. By promoting stability and prosperity in our trading partners, these agreements support democracy, strengthen our own security, and reinforce cooperation between the U.S. and our partner countries not only on economic but also on other common problems. The U.S. has a particularly active trade agenda in the Western Hemisphere, where we have signed free trade agreements with nine countries and are working to conclude agreements with others. Assistance to build trade capacity is crucial to many of our partner countries to ensure that they fulfill the obligations of trade agreements and fully benefit from them.

In 2005 the U.S. signed the Central America-Dominican Republic Free Trade Agreement (CAFTA-DR) with Costa Rica, the Dominican Republic, El Salvador, Guatemala, Honduras and Nicaragua, with implementation beginning in early 2006 (ESF & DA). Requested funds will fulfill the Administration's commitment to Congress of \$40 million in FY 2007 to focus on building and strengthening the labor/environment capacity of the countries participating in CAFTA-DR. Funding will support technical assistance and training to improve enforcement of laws and regulations to support internationally recognized labor standards and to protect the environment.

TCB funds for labor programs will be used to improve worker rights in the CAFTA-DR region. Consistent with the priorities established by the CAFTA-DR Labor Ministers in their report of April 2005, the funds will focus particularly on improving the administration of justice, strengthening of labor ministries, and enforcement of labor law. Funds will support the continuation of programs initiated in FY2006 and additional programs to enhance labor law compliance and the countries' adherence to the labor provisions of the FTA. Funding for both improving the administration of justice and strengthening the labor ministries will continue along with new programs to improve worker rights and address discrimination in export industries. To ensure that assistance will be used effectively, approximately \$3 million will finance the continuation of the program of the International Labor Organization to monitor and verify progress toward improved labor law enforcement and working conditions.

TCB funds for the environment will support the key obligation of the CAFTA-DR's Environment Chapter - operation of a Secretariat to investigate citizen petitions alleging failures to effectively enforce environmental laws. Funds will also be used to implement the associated Environmental Cooperation Agreement (ECA) to build environmental protection capacity in Central America and the Dominican Republic. A Work Program to implement the ECA identifies short and medium-term priorities. FY 2007 funds will support actions initiated in 2006 to strengthen environmental enforcement and compliance, public participation and access to information, building local capacity to protect the environment through civil society and governmental institutions, and compliance with multilateral environmental agreements. These funds will also support initiating action to promote voluntary mechanisms and market incentives for environmental management and the deployment of cleaner production methods and technologies.