

OTHER BILATERAL ECONOMIC ASSISTANCE

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

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Economic Support Fund
(\$ in thousands)

Account	FY 2001 Actual	FY 2002 Estimate	FY 2003 Request
ESF	2,314,896	2,224,000	2,290,000
ERF-ESF	0	600,000	0

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

- Increasing the role of the private sector in the economy, reducing government controls over markets, enhancing job creation, and improving economic growth.
- Assisting in the development of effective, accessible, independent legal systems operating under the rule of law, as measured by an increase in the use of the courts to decide allegations of human rights abuses or abuses of government authority.
- Developing and strengthening institutions necessary for sustainable democracy through support for the transformation of the public sector, including assistance and training to improve public administration, promote decentralization, and strengthen local governments, parliaments, independent media, and non-governmental organizations.
- Assisting in the transition to transparent and accountable governance and the empowerment of citizens, working through civic and economic organizations and democratic political processes that ensure broad-based participation in political and economic life, as well as respect for human rights and fundamental freedoms.
- Strengthening capacity to manage the human dimension of the transition to democracy and a market economy and to help sustain the neediest sectors of the population during the transition period.

ESF addresses a full range of problems through an integrated strategy, including balance of payments and other economic support measures designed to create employment and conditions conducive to international investment and trade, and through support for programs that nurture democratic institutions and a vibrant civil society. In other parts of the world, economic dislocation and political strife continue to place great strains on many countries. Depending on the recipient country's economic situation, balance of payments or budgetary support may create leverage to bring about the adoption of more rational economic and fiscal policies required to sustain economic growth. However, in the short term, measures to create more rational and efficient economic structures and practices often exacerbate social and political tensions unless buffered by external assistance. In these circumstances, ESF can help to prevent or diminish economic and political dislocation that may threaten the security of key friends and allies. By promoting economic growth, good governance, and strong democratic institutions, ESF aims to eradicate the economic and political disparity that often underlies social tension and can lead to radical, violent reactions against government institutions. To this end, economic assistance programs focus on mitigating the root causes of terrorism.

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

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

Economic Support Fund
(\$ in thousands)

	FY 2001 Actual	FY 2002 Estimate	FY 2003 Request
Africa			
Africa Regional Fund	11,519	29,000	32,000
Angola	2,491	-	-
Countries in Transition	11,350	40,000	31,000
Education for Development and Democracy	12,466	15,000	-
Ghana	4,500	-	-
Great Lakes Justice Initiative	10,978	-	-
Nigeria	21,608	-	-
Presidential Economic Growth Opportunity	1,995	-	-
Regional Organizations	998	4,000	6,000
SADC Initiative	998	-	-
Safe Skies	4,995	3,000	8,000
Sierra Leone	1,900	9,000	-
Subtotal - Africa	85,798	100,000	77,000
East Asia and the Pacific			
Accelerating Economic Recovery in Asia	4,989	-	-
Burma	3,492	6,500	6,500
Cambodia	14,967	20,000	17,000
China Rule of Law	-	5,000	5,000
Chinese Compensation	28,000	-	-
East Asia and Pacific Environmental Initiative	3,492	3,500	-
East Timor	24,945	25,000	19,000
Indonesia	49,890	50,000	60,000
Mongolia	11,974	12,000	12,000
Philippines	3,991	21,000	20,000
Regional Democracy	5,894	5,000	5,000
Regional Security Fund	249	250	250
Regional Women's Issues	2,994	4,000	4,000
South Pacific Fisheries	14,000	14,000	18,000
Subtotal - East Asia and the Pacific	168,877	166,250	166,750
Europe and Eurasia			
Cyprus	14,967	15,000	15,000
International Fund for Ireland	24,945	25,000	25,000
Irish Visa Program	4,989	5,000	4,000
Subtotal - Europe and Eurasia	44,901	45,000	44,000

Economic Support Fund
(\$ in thousands)

	FY 2001 Actual	FY 2002 Estimate	FY 2003 Request
Near East			
Egypt	693,471	655,000	615,000
Iraq Opposition	24,945	25,000	25,000
Israel	838,152	720,000	600,000
Jordan	149,670	150,000	250,000
Lebanon	34,923	35,000	32,000
Middle East Democracy	3,991	5,000	5,000
Middle East Fact Finding	2,793	-	-
Middle East Multilaterals	2,994	3,000	3,000
Middle East Regional Cooperation	4,989	5,000	5,000
U.S. North Africa Economic Partnership	3,991	4,000	4,000
West Bank/Gaza	84,813	72,000	75,000
Yemen	3,991	5,000	10,000
Subtotal - Near East	1,848,723	1,679,000	1,624,000
South Asia			
Afghanistan	-	17,250	-
Bangladesh	-	3,000	7,000
India	4,989	7,000	25,000
Nepal	-	3,000	6,000
Pakistan	-	9,500	200,000
South Asia Democracy	4,989	-	-
South Asia Energy and Environment	3,492	-	-
South Asia Regional Funds	-	3,500	2,000
South Asia Regional Stability Fund	998	-	-
Sri Lanka	-	3,000	4,000
Women and Children Support Fund	4,490	-	-
Subtotal - South Asia	18,958	46,250	244,000
Western Hemisphere			
Administration of Justice	6,985	10,000	11,000
Bolivia	1,995	10,000	10,000
Centers for Educational Excellence	-	7,000	-
Cuba	4,989	5,000	6,000
Dominican Republic	3,492	2,000	3,500
Eastern Caribbean	6,985	11,000	-
Ecuador	5,491	15,000	20,000
El Salvador	4,989	25,000	-
FTAA Technical Assistance	-	-	1,000
Guatemala	13,969	10,000	7,500
Haiti	46,894	30,000	-

Economic Support Fund
(\$ in thousands)

	FY 2001 Actual	FY 2002 Estimate	FY 2003 Request
Honduras	998	1,000	-
Jamaica	1,497	1,000	-
Mexico	6,178	10,000	12,000
Nicaragua	1,499	1,500	-
Panama	998	4,000	3,500
Paraguay	3,492	3,500	3,500
Peru	2,203	15,000	10,000
Peru/Ecuador Peace	6,985	5,000	4,500
Third Border Initiative	-	-	3,000
Venezuela	-	500	500
W. Hemisphere Regional Democracy	599	-	-
Subtotal - Western Hemisphere	120,238	166,500	96,000
Global			
Human Rights and Democracy Funds	13,421	13,000	12,000
Oceans, Environmental and Science Initiative	4,989	4,000	2,000
Partnership to Eliminate Sweatshops	3,991	4,000	4,000
Policy Initiatives	5,000	-	20,250
Subtotal - Global	27,401	21,000	38,250
Total	2,314,896	2,224,000	2,290,000
Emergency Response Fund			
Pakistan	-	600,000	-
Total Emergency Response Fund	-	600,000	-

Human Rights and Democracy Funds
(\$ in thousands)

Account	FY 2001 Actual	FY 2002 Estimate	FY 2003 Request
ESF	13,421	13,000	12,000

Democracy and human rights constitute one of the seven U.S. national interests identified in the Strategic Plan for International Affairs. In promoting democracy and human rights, the United States is simultaneously communicating America's values and protecting its interests. This effort has become increasingly significant since the events of September 11. The fight against terrorism can be successful in the long term only if it addresses the root causes of extremism by promoting stable, open societies where basic human freedoms are respected and protected. History amply demonstrates that democracies are more prosperous, peaceful, and cooperative than societies under authoritarian regimes.

Economic Support Funds (ESF) through Human Rights and Democracy Funds (HRDF) support unique projects that promote democracy and human rights in countries of strategic significance to the United States. Support for such projects underscores the USG's continued commitment to human rights and democracy in its fight against terrorism.

In FY 2003, HRDF will support projects that provide assistance to struggling or nascent democracies or that help improve the human rights situation in critical countries. Funds will also support regional initiatives that have transnational implications. HRDF will be used to continue to facilitate the implementation of innovative, cutting-edge programs that do not duplicate other efforts.

As the war on terrorism shifts from direct action against terrorist forces to preventing future terrorism, more attention will be devoted to addressing the roots of terrorism, including lack of respect for human rights and absence of democratic institutions. The Department of State will address these challenges by developing programs to support human rights defenders, democratic activists, and free media in Central Asia; train emerging women leaders in countries such as Turkey, Jordan, and Yemen; further the rule of law in China; and promote political participation and civil society in African, Asian, and Latin American countries at risk from rising extremism.

Oceans, Environmental and Science Initiative
(\$ in thousands)

Account	FY 2001 Actual	FY 2002 Estimate	FY 2003 Request
ESF	4,989	4,000	2,000

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

The Economic Support Funds (ESF) for Oceans, Environmental and Science Initiative (OESI) advance U.S. negotiating positions and promote regional cooperation and U.S. leadership in responding to emerging issues. Engaging in these activities furthers U.S. objectives by: elucidating the policy implications of international oceans, environmental, and science issues to foreign countries; promoting U.S. trade, economic, diplomatic, investment, and commercial interests; and enabling host governments to elaborate their own policies in an informed manner.

The Department of State is currently negotiating agreements, developing voluntary initiatives, and building support for U.S. positions on oceans, environment, and science issues including biotechnology, forests, hazardous chemicals, sustainable fisheries, and sustainable development. These processes will directly affect U.S. interests in trade and investment in such areas as food safety, movement and use of hazardous chemicals, agricultural exports, timber harvesting and export, and fishing and navigation rights. Consistent with furthering those U.S. interests, OESI program funds will be used, among other things, to:

- Further cooperative action with respect to invasive species that cost the U.S. economy an estimated \$138 billion annually, including damage to maritime commerce and fisheries, health care, agriculture, and forest product sectors.
- Develop institutional and legal frameworks for regional management of potentially divisive transboundary fresh water issues.
- To raise awareness of the unprecedented threat to economic development and social progress posed by the spread of HIV/AIDS and other infectious diseases.
- Promote sustainable forest management and deter illegal logging that threatens the U.S. timber industry.
- Advance the U.S. vision of sustainable development beyond the World Summit on Sustainable Development.
- Deter illegal fishing that threatens U.S. commercial fisheries' interests.
- Promote export of U.S. technologies that advance U.S. foreign policy objectives.

Partnership to Eliminate Sweatshops
(\$ in thousands)

Account	FY 2001 Actual	FY 2002 Estimate	FY 2003 Request
ESF	3,991	4,000	4,000

The Partnership to Eliminate Sweatshops directly advances the U.S. strategic interests of broad economic development, political stability in developing countries, and addressing conditions in which terrorism can breed. The program is designed to eliminate sweatshop conditions, foster the development of modern industrial relations systems, and help firms adopt “best practices” in developing countries. Such steps will stimulate faster and broader economic growth and end practices that contribute to a backlash against trade and globalization and, in some cases, to anti-American sentiments. Concern exists among the American public that the global economy has created a climate of abusive treatment of workers and unsafe working conditions overseas. Leading American firms want to protect their corporate images and the value of their brands by ensuring that their products are manufactured in factories that comply with local laws and conform to international standards. Programs funded through the Partnership to Eliminate Sweatshops promote democracy and economic development abroad while reinforcing the domestic consensus in support of international economic engagement, trade, and promotion of basic worker rights.

Through the Partnership to Eliminate Sweatshops, the United States facilitates cooperation among corporations, consumers, non-governmental organizations, universities, organized labor, and others to address unacceptable working conditions around the world through a variety of approaches. This program has funded proposals from the private sector to establish business codes of conduct, workplace monitoring systems, research, training, and education initiatives. Funds have also been used to train and accredit monitoring agencies, to target countries and industries where the greatest problems exist, and to evaluate efforts to date.

The program complements other efforts being made to bring countries and companies into full compliance with the International Labor Organization’s Declaration of the Fundamental Principles and Rights at Work and to help developing countries meet worker rights criteria in U.S. trade legislation. The overall objectives are to eliminate forced labor, child labor, violations of freedom of association and the right to organize and bargain collectively, violations of minimum wage laws, harassment, discrimination, substandard health and safety conditions, and abusive work schedules in production facilities overseas that produce for the American market.

The Partnership to Eliminate Sweatshops will continue to make grants available, to both domestic and international applicants, to promote core labor standards, corporate codes of conduct, monitoring, training, research, and other associated activities. Funds may also be used to support mechanisms for communication and exchange of information among grant recipients to share lessons learned and discuss best practices. The FY 2003 request for Economic Support Funds (ESF) will continue support for this innovative program.

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

Account	FY 2001 Actual	FY 2002 Estimate	FY 2003 Request
SEED	674,338	621,000	495,000

Since 1989, the Support for East European Democracy (SEED) Act has promoted important U.S. national interests and strategic goals in North Central and South Central Europe. With the graduation of the northern tier countries, the program has shifted its focus southward. This region retains the ability to pull in our allies and ultimately the United States to uphold vital interests, as the conflicts in Bosnia-Herzegovina (Bosnia) and Kosovo and more recent insurgencies in southern Serbia and Macedonia demonstrate. SEED assistance provides a proactive defense by funding important peace implementation programs that have laid the foundation for longer-term development solutions through the rise of democratic institutions and market economies.

SEED does this by supporting innovative models, technical assistance, and training to facilitate reform and transition. SEED funding promotes broad-based economic growth in the transitional countries of Central Europe and increases adherence to democratic practices and respect for human rights. Many of these countries have made important progress toward achieving the goals of the SEED program: building a market economy with a strong private sector, consolidating democracy, and improving the quality of life for citizens. All the recipients are now democracies, and almost all were experiencing economic growth last year. Extensive SEED investments during recent years have successfully helped the region overcome crises, so that in FY 2003 we can begin to reduce the overall request while maintaining the momentum of the reforms underway.

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

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

The second group contains the neighboring countries of Albania, Bulgaria, and Romania. All suffered debilitating economic and/or political crises as a result of the 1999 Kosovo conflict, which have challenged

political, economic, and social stability. SEED is helping these countries deal with these crises and move forward in their transitions.

Objectives of the SEED program for FY 2003 include:

- To support the FRY as it overcomes a decade of political oppression and economic mismanagement. Efforts will focus on economic and democratic reforms to solidify the democratic gains in Belgrade; improve the effectiveness and accountability of local government; strengthen rule of law and respect for minority rights; and help the government develop and implement a comprehensive program for economic, political, and administrative reform. We will continue to advance the process of democratization in Montenegro through support for economic reform and development of the private sector.
- To support Macedonia's efforts to implement the Framework agreement to restore political stability by bringing the benefits of economic and political reforms to all its citizens. Work will go on at the grassroots level of government and with local police.
- To stabilize and transform Kosovo into an economically viable, democratically self-governing territory through the support of UNMIK, the consolidation of legitimate institutions of local self-government, the training and equipping of the Kosovo police, and the development of an effective justice system and respect for minority rights.
- To implement the Dayton Peace Agreement in Bosnia, finalize our support for returning minorities, enhance the voices of the moderate political leaders, and support economic reform with greater privatization and legal and regulatory reform.
- To work with the reform-minded, democratic government of Croatia as it undertakes economic reform, consolidates democracy, and fully implements refugee return programs in order to move Croatia rapidly toward integration with the West.
- To stabilize, transform, and integrate the countries of Southeast Europe into trans-Atlantic institutions through the development of greater intra-regional ties under the aegis of programs such as the Stability Pact for Southeast Europe.
- To provide very limited SEED assistance to Northern Tier countries in support of civil society.

SEED assistance supports U.S. security, democracy, commercial, and human rights interests in North Central and South Central Europe. FY 2003 SEED assistance will also:

- Enhance security on the ground for U.S. peacekeeping troops in Kosovo and Bosnia as well as KFOR troops in Macedonia.
- Speed up the stabilization process in the countries of the former Yugoslavia, allowing faster withdrawal of U.S. forces.
- Help prevent possible further outbreaks of armed conflict.
- Improve internal security and rule of law, reducing the influence of organized crime and corruption.

- Improve the investment climate and help open new markets for American business.
- Improve the lives of citizens in the region through more effective government, improved social services, and a cleaner environment.

Please see individual country and regional program papers in this document for detailed program justifications.

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

	FY 2001	FY 2002	FY 2003
	Actual	Estimate	Request
Europe and Eurasia			
Albania	35,123	35,000	28,000
Bosnia and Herzegovina	79,824	65,000	50,000
Bulgaria	35,123	34,000	28,000
Croatia	44,527	44,000	30,000
Federal Republic of Yugoslavia	172,120	165,000	135,000
<i>Montenegro</i>	<i>72,340</i>	<i>60,000</i>	<i>25,000</i>
<i>Serbia</i>	<i>99,780</i>	<i>105,000</i>	<i>110,000</i>
Kosovo	149,670	118,000	85,000
Macedonia	33,523	49,500	50,000
Regional SEED	86,013	74,500	60,000
Romania	38,415	36,000	29,000
Subtotal - Europe and Eurasia	674,338	621,000	495,000
Total	674,338	621,000	495,000

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

Account	FY 2001 Actual	FY 2002 Estimate	FY 2003 Request
FSA	808,218	784,000	755,000
ERF-FSA/NIS	0	46,500	0

Events in Eurasia greatly influence U.S. and global security. This is all the more true following the events of September 11. Most of the states of Eurasia were supportive during Operation Enduring Freedom, and several provided basing and overflight rights that were key to our ability to carry out military action in Afghanistan. The sheer size of the region, its borders with key countries in Europe, the Middle East, South Asia, and East Asia, proliferation concerns, and the region's capacity to produce critical energy supplies mean that the United States has a vital national interest in seeing that the states of Eurasia become stable, democratic, and prosperous nations. The United States also has strong national security interests in preventing proliferation of weapons of mass destruction, delivery systems, weapons technology, and expertise from the former Soviet arsenal.

Stability and prosperity in the region will only be possible if the Independent States successfully complete the transition they began in 1991 from totalitarianism and centrally planned economies to democratic governance and market-based economies. The assistance programs funded under the FREEDOM Support Act (FSA) are aimed at facilitating this transition by supporting emerging democratic organizations and market institutions and by helping the Eurasian states develop the legal and political infrastructure common to democratic, market-based countries. FSA funding has brought almost 90,000 Eurasian citizens to the United States to meet with U.S. counterparts and examine the American way of life. A large number of alumni of these exchange programs have gone on to assume important positions in their home countries. FSA funding has helped develop civil society in Eurasia through support for non-governmental organizations (NGOs) and the independent media. FSA-funded business advisory and credit programs have supported the growth of small and medium private business throughout the region, while FSA-funded programs have produced major progress on land privatization in countries such as Ukraine, Moldova, Georgia, and the Kyrgyz Republic.

FSA assistance also helps prevent the proliferation of weapons, weapons-related technology, and expertise and combats transnational threats such as drug trafficking and organized crime. The successful interdiction of illicit transfers of nuclear materials and weapons crossing borders in Central Asia was facilitated by assistance provided under the Export Control and Border Security programs. FSA assistance has helped Georgia build an effective Border Guard presence on the Georgian-Russian border, allowing the Georgian government to resist pressures from the Russian military to pursue Chechen rebels onto Georgian territory. FSA assistance programs also have facilitated the destruction and removal of Russian weapons and ammunition from Georgia and the Transnistria region of Moldova. In addition, FSA-funded joint research collaborations have achieved promising results in the areas of public health and agricultural research, while successfully redirecting the biological weapons expertise of former Soviet weapons scientists to peaceful, productive pursuits.

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

The broad objectives of FREEDOM Support Act assistance to the NIS in FY 2003 are:

- To enhance security by attacking the root causes of instability and supporting efforts to resolve regional conflicts.
- To help establish open and competitive market economies and, in the process, expand opportunities for U.S. trade and investment.
- To promote the development of democratic institutions, the rule of law, and civil society.
- To promote cooperative nonproliferation efforts.
- To ease the human costs of transition through humanitarian aid and a focus on the social sector.

More specific objectives in FY 2003 include:

- Dealing with potential causes of instability in Central Asia, including poverty, lack of jobs, poor communal services, isolation, and political repression.
- Advancing the peaceful resolution of violent conflicts by support for peace efforts, regional integration, and reconstruction projects.
- Fostering the development of civil society, strengthening the rule of law, and promoting transparency at all levels of government by supporting NGOs, the independent media, and law enforcement.
- Supporting regions within individual states in their efforts to institute local reform policies that can serve as models of successful reform and influence other regions and, ultimately, national policies.
- Bolstering private enterprise, especially small business, through training and increased availability of credit.
- Helping national governments that show a commitment to reform build the legal and institutional infrastructure of a free-market democracy.
- Changing mindsets among citizens, especially the next generation, through exchanges and partnerships that expose them to Western societies and practices.
- Opening these societies to multiple sources of information through support for independent media and Internet access.
- Fighting the spread of infectious diseases, such as tuberculosis and HIV/AIDS, and trying to improve child and maternal health.
- Providing former Soviet weapons scientists with alternative, peaceful, civilian research opportunities.
- Enhancing the capability of regional states to combat crime; control their borders; and deter, detect, and interdict illicit transfers of weapons and drugs.

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

	FY 2001	FY 2002	FY 2003
	Actual	Estimate	Request
Europe and Eurasia			
Armenia	89,802	89,725	70,000
Azerbaijan	36,024	43,310	46,000
Belarus	11,383	10,072	9,500
Georgia	92,808	89,010	87,000
Kazakhstan	45,699	45,015	43,000
Kyrgyz Republic	32,997	34,988	36,000
Moldova	44,803	35,416	32,500
Regional FSA	75,450	69,356	67,000
Russia	159,861	157,728	148,000
Tajikistan	16,735	19,222	22,500
Turkmenistan	6,275	7,072	7,000
Ukraine	171,581	154,196	155,000
Uzbekistan	24,800	28,890	31,500
Subtotal - Europe and Eurasia	808,218	784,000	755,000
Total	808,218	784,000	755,000
Emergency Response Fund			
Regional FSA	-	6,000	-
Uzbekistan	-	40,500	-
Total Emergency Response Fund	-	46,500	-

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INDEPENDENT AGENCY

Peace Corps
Inter-American Foundation
African Development Foundation

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Peace Corps
(\$ in thousands)

Account	FY 2001 Actual	FY 2002 Estimate	FY 2003 Request
Peace Corps	267,275	278,043	320,228
ERF-Peace Corps	2,600	3,900	0

The Peace Corps was established 41 years ago to promote international peace and friendship through the service abroad of American Volunteers. It has since emerged as a model of citizen service on an international scale and of practical assistance to people in developing countries. More than 165,000 Americans from every background have served in the Peace Corps in 135 countries. Volunteers help the people of interested countries meet their need for trained men and women, promote a better understanding of Americans among the people Volunteers serve, and promote a better understanding of other peoples on the part of Americans.

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

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

The Peace Corps' budget request for FY 2003 will enable the Peace Corps to increase the number of Volunteers serving overseas, enhance Volunteer and staff safety and security, and implement enterprise-wide architecture for the agency's information technology systems.

Priorities for the Peace Corps in FY 2003 are to:

- Increase the number of Volunteers serving overseas – In response to greater American interest in volunteerism and to increase America's contribution to the people of other nations, Peace Corps will establish new programs in eight countries and re-open several currently suspended posts. An additional 1,200 volunteers will be placed worldwide during FY 2003 to assist host countries and communities in education, health (including HIV/AIDS), the environment, information technology, agriculture, and business development. Given the changing realities of political,

economic, and social development within the countries served, the Peace Corps will continue to utilize its annual internal strategic planning process to assess its global presence and ensure that Volunteers are able to respond effectively to the development needs of host countries. In FY 2001 this process resulted in the opening of a new Peace Corps program in the Republic of Georgia and a re-opening of the program in Uganda. The Peace Corps has closed the program in Poland in FY 2001 and will close programs in the Slovak Republic, Latvia, Estonia, and Lithuania by the end of FY 2002. In FY 2002, there are immediate plans to re-enter Peru and to open a program in newly independent East Timor. There will also be a number of assessments to determine whether programs can be opened in Botswana, Swaziland, Azerbaijan, and Bosnia-Herzegovina and the program in Chad re-opened.

- Ensure Volunteer safety and security – The safety and security of our Volunteers is the Peace Corps' highest priority. Volunteers working under difficult circumstances in remote areas of the world need the assurance that they will be able to perform their assignments without undue risks to their safety and security. The Agency has taken significant steps over the past few years to ensure the requisite support and training is incorporated into all communications with the Volunteer, beginning with the first exposure to Peace Corps service. Specific efforts include greater attention to the identification of Volunteer sites, upgrading communications systems to enhance safety, updating emergency action plans at each post and regular testing, hiring three Safety and Security Officers to support posts, and providing safety reviews and training components. Moreover, given the serious issues that the Peace Corps regularly confronts, the Agency plans to increase the number of Regional Safety and Security Officers overseas by an additional six positions over the current three. This increase will provide greater security coverage to each sub-region and will allow for more security assessments and provide a greater capacity to conduct sub-regionally focused training activities for Volunteers and staff.
- Strengthen business support systems – In accordance with various Federal mandates and management initiatives, the Peace Corps will implement an enterprise-wide information architecture. FY 2003 priority activities are to complete the target architecture and sequencing plan. In addition, the Agency is focusing on improvements in other business systems. In FY 2003 the Peace Corps will complete the first phase of implementation of a new financial management system that will meet the needs of the Peace Corps in the coming years. At overseas posts the Agency will complete conversion from Macintosh to Windows computers and improve connectivity. The Agency will also modify the means and strategies by which Volunteers are recruited and placed by taking greater advantage of improved information technology capabilities. Finally, the Peace Corps will enhance customer service to its internal and external clients.

Together, these efforts will allow for growth of the Peace Corps and greater management capability and oversight.

Inter-American Foundation
(\$ in thousands)

Account	FY 2001 Actual	FY 2002 Estimate	FY 2003 Request
IAF	12,147	13,290	14,185

The Inter-American Foundation, an independent agency of the U.S. Government, was created in 1969 as an experimental foreign assistance program. The Foundation promotes equitable and participatory self-help development in Latin America and the Caribbean by awarding grants directly to local organizations that design and implement their own projects. This responsive approach advances the interests of the United States through the promotion of democratic principles and economic development at the grassroots level.

The Foundation seeks to develop new strategies, partnerships, and mechanisms to increase its role as a development innovator. It also disseminates results and lessons learned for the benefit of other donors, such as the U.S. Agency for International Development, the World Bank, the Inter-American Development Bank, private foundations, and non-governmental organizations (NGOs).

With the FY 2003 budget request, the Inter-American Foundation will continue to be an effective catalyst and leader in support of innovative local partnerships. These involve NGOs, municipal governments, and the private sector working together to mobilize and focus resources on improving economic and social conditions in local communities. By encouraging their active participation and demonstrating the value of their collaboration, the Foundation will help to establish sustainable democratic structures and mechanisms for the participation of economically disadvantaged citizens in the public decision-making processes that affect their lives.

In FY 2003, the Inter-American Foundation will also support programs and activities in Latin America and the Caribbean that further the concepts of philanthropy, social responsibility, and investment by the corporate community of financial and human resources in local economic and social development activities. By encouraging U.S. and local corporations and other business entities to invest a portion of their resources in the social and economic development of the communities in which they operate, the Foundation will increase the amount of local resources from the private sector to support local development priorities. Such additional resources will lead to increased economic opportunities for the poor, increased integration of the poor into local and regional markets, decreased dependency of the poor on foreign assistance programs, and, over the long term, expanded markets for U.S. goods and services in the region.

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

African Development Foundation
(\$ in thousands)

Account	FY 2001 Actual	FY 2002 Estimate	FY 2003 Request
ADF	16,080	16,680	16,689

The African Development Foundation (ADF) plays a unique role within the U.S. Government’s foreign assistance programs. ADF is the only agency working directly at the grassroots level – exclusively in partnership with African non-governmental entities – to alleviate poverty by promoting participatory, broad-based, sustainable development.

ADF’s efforts complement larger government-to-government assistance programs by addressing obstacles to development at the grass roots and developing models of participatory development that can be replicated. The Foundation’s programs support U.S. national interests in Africa in other important ways, including promoting trade and investment opportunities and encouraging bonds of friendship with and between African people from a diversity of religious, ethnic, and socio-economic orientations.

ADF will focus its FY 2003 request on the following strategic objectives:

- Promoting micro and small enterprise (MSE) development.
- Expanding participation of small enterprise and producer groups in trade and investment relationships with the United States and within Africa.
- Promoting sound natural resource management (NRM).
- Promoting community-based HIV/AIDS interventions.
- Fostering the development of African institutions.

ADF works in fourteen countries. The primary focus of ADF’s assistance is African micro and small enterprises (MSEs) as a means to create job opportunities and generate income. Women are major beneficiaries of ADF assistance.

The Foundation has extensive experience in improving the productivity of small farmers and building robust small enterprises. This enables ADF to play a special role in increasing the participation of African grassroots enterprises and producer groups in international trade. ADF has developed innovative and replicable models for promoting non-traditional exports by poor farmers and small manufacturers.

ADF works directly at the community level and with African NGOs and researchers to foster sustainable use and conservation of the fragile natural resource base in African countries. The Foundation supports development of new technologies and techniques in community-based land use planning and implementation.

The Foundation is undertaking a new initiative in HIV/AIDS. With its extensive rural base, ADF will be able to reach thousands who are beyond traditional prevention campaigns. With its focus on supporting income generating activities, the Foundation will be able to promote innovative initiatives that improve the economic security of those affected by HIV/AIDS.

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